



City of New York

OFFICE OF THE COMPTROLLER

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MANAGEMENT AUDIT

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Deputy Comptroller for Audit

Audit Report on the Controls over the
Processing of Notices of Violation
Issued by the Department of Sanitation

MD12-124A

June 25, 2013

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
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NEW YORK, N.Y. 10007-2341

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June 25, 2013

To the Residents of the City of New York:

My office has audited the Department of Sanitation (DSNY) to determine whether it had adequate controls in place to ensure that Notices of Violation (NOVs) were properly processed and whether it made adequate efforts to identify and eliminate deficiencies in its issuance process that may have contributed to NOV dismissals. We perform audits such as this to ensure that City agencies have adequate controls in place and fulfill their responsibilities effectively in compliance with established guidelines.

The audit found that DSNY's controls over the issuance and processing of NOVs need to be improved. DSNY has not made adequate efforts to identify and eliminate deficiencies in its issuance process and it does not track and monitor NOV disposition and dismissal information. In addition, DSNY has inadequate segregation of duties over the process for voiding electronic NOVs and does not have a reliable handheld terminal inventory listing.

To address these issues, the audit made nine recommendations, including that DSNY should: implement procedures to ensure that NOV disposition and dismissal information is tracked and reported; ensure that supervisors do not have the ability to both void NOVs and approve the voids; and strengthen its controls over the handheld terminals and inventory records.

The results of the audit have been discussed with DSNY 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,

A handwritten signature in black ink, appearing to read "John C. Liu".

John C. Liu

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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

Audit Report on the Controls over the Processing of Notices of Violation Issued by the Department of Sanitation

MD12-124A

AUDIT REPORT IN BRIEF

The Department of Sanitation (DSNY) is responsible for the cleanliness of City streets, collection of refuse, and final disposal of waste. It enforces City sanitation laws and regulations as well as rules related to the City's health codes. DSNY monitors compliance with provisions of the codes related to cleanliness of City streets. Violators receive a Notice of Violation (NOV), which is adjudicated by the Environmental Control Board (ECB), and any resulting penalties are paid to ECB or the Department of Finance (DOF).

The audit determined (1) whether DSNY had adequate controls in place to ensure that NOVs are properly processed and (2) whether DSNY made adequate efforts to identify and eliminate deficiencies in its issuance process that may contribute to NOV dismissals.

Audit Findings and Conclusion

DSNY's controls over the issuance and processing of NOVs need to be improved. DSNY has not made adequate efforts to identify and eliminate deficiencies in its issuance process. DSNY does not track and monitor NOV disposition and dismissal information and is, therefore, unable to identify and track the causes of the dismissals. This information would aid DSNY in developing strategies to help reduce dismissals based on deficiencies in its issuance process.

The audit also identified other weaknesses in DSNY's oversight of NOVs. Specifically, DSNY has inadequate segregation of duties over the process for voiding electronic NOVs and does not have a reliable handheld terminal (HHT) inventory listing. We also identified internal control weaknesses with the issuance of manual NOVs, resulting in NOVs not accounted for or not submitted to ECB.

Audit Recommendations

To address the audit issues, we made nine recommendations, including that DSNY should:

- Implement procedures to ensure that NOV disposition and dismissal information is tracked and reported, allowing it to develop strategies to reduce NOV dismissal rates and improve staff training.
- Ensure that supervisors do not have the ability to both void NOVs and approve the voids.
- Strengthen its controls over the HHTs and inventory records, and take appropriate action to ensure that all HHTs are accounted for and their location and disposition is accurately documented.
- Ensure that the Logging Unit complies with operating procedures to help ensure that all manual NOVs are accounted for and transmitted to ECB.

Agency Response

DSNY officials generally agreed with eight of the nine recommendations, disagreeing only with the recommendation that it create an interface between DSNY's and ECB's computer systems. However, DSNY's response is puzzling; it appears that the agency is being disingenuous in its response. DSNY officials claim to only partially agree with seven of the audit's recommendations yet fail to identify the portions of those recommendations with which they take issue. In one instance, DSNY curiously claims to only "partially" agree with a recommendation that it ensure that NOVs are issued in *accordance with its own procedures*. Notwithstanding DSNY's claims of only partial agreement with the audit's recommendations, its statements that it has already acted upon or addressed many of them—as well as its failure to identify those portions with which it does not agree—clearly indicates agreement with these recommendations.

In its response, DSNY also states that it disagrees with the findings that it does not track NOV dispositions and dismissals and that its HHT inventory records are unreliable. However, the agency provided no credible new evidence that had not already been addressed in this report. Furthermore, by stating that it has taken steps to implement the recommendations relating to these findings, DSNY acknowledges the validity of these findings.

INTRODUCTION

Background

DSNY is responsible for the cleanliness of City streets, collection of refuse, and final disposal of waste. It enforces City sanitation laws and regulations as well as rules related to the City's health codes.

To help achieve its goals, DSNY operates 59 district offices and manages 7,197 uniformed sanitation workers and 2,048 civilian employees. There are 1,058 officers/agents who are charged with issuing NOVs throughout the City for non-compliance with provisions of the codes related to cleanliness of City streets. Violators receive an NOV, which is adjudicated by ECB, and any resulting penalties are paid to ECB or DOF. NOVs are issued by the following DSNY units: Sanitation Enforcement Agents (Agents) and Sanitation Police Officers; Permit and Inspection Unit (PIU); Environmental Police Unit (EPU); and the Bureau of Cleaning and Collection Division (BCC). This audit did not include a review of Parking Violations Bureau NOVs issued by DSNY.

DSNY issues two types of NOVs: manual and electronic. During Fiscal Year 2012, electronic NOVs accounted for 74 percent of the NOVs that DSNY issued. The electronic NOVs are issued using portable HHTs to input, process, print, and transmit NOVs to the Notice of Violation Administrative System (NOVAS)¹.

Sanitation Police Officers and Agents mainly issue electronic NOVs through NOVAS. All of the above-mentioned units are supported by clerical staff from the Enforcement Division, composed of the Logging Unit, Mailroom Unit, and Ownership Determination Unit (ODU). The Enforcement Division—the focus of this audit—is responsible for processing all NOVs.

According to the OATH²/ECB Monthly Agency Reports, also known as the “Green Book,” ECB processed 356,404 DSNY NOVs in Fiscal Year 2012, representing 63 percent of the NOVs that ECB received from City agencies. Of the DSNY NOVs processed during the year, ECB dismissed 40,889 (11.4 percent) of them. During that same year, ECB reportedly received \$31,162,605 in revenues for DSNY NOVs, representing 22 percent of the revenues that ECB received for NOVs issued by City agencies.

Objectives

The objectives of this audit were to determine (1) whether DSNY has adequate controls in place to ensure that NOVs are properly processed and (2) whether DSNY has made adequate efforts to identify and eliminate deficiencies in its issuance process that may contribute to NOV dismissals.

Scope and Methodology Statement

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

¹ NOVAS was implemented in 2006 to improve the accuracy and effectiveness of the issuance process.

² OATH is an acronym for Office of Administrative Trials and Hearings.

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.

The primary audit scope was Fiscal Year 2012 to the present. Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

Discussion of Audit Results

The matters covered in this report were discussed with DSNY officials during and at the conclusion of this audit. A preliminary draft report was sent to DSNY officials and discussed at an exit conference on May 16, 2013. On May 28, 2013, we submitted a draft report to DSNY officials with a request for comments. We received a written response from DSNY officials on June 11, 2013. DSNY officials generally agreed with eight of the nine recommendations, disagreeing only with the recommendation that it create an interface between DSNY's and ECB's computer systems. However, DSNY's response is puzzling; it appears that the agency is being disingenuous in its response. DSNY officials claim to only partially agree with seven of the audit's recommendations yet fail to identify the portions of those recommendations with which they take issue. In one instance, DSNY curiously claims to only "partially" agree with a recommendation that it ensure that NOV's are issued in *accordance with its own procedures*. Notwithstanding DSNY's claims of only partial agreement with the audit's recommendations, its statements that it has already acted upon or addressed many of them—as well as its failure to identify those portions with which it does not agree—clearly indicates agreement with these recommendations.

In its response, DSNY also states that it disagrees with the findings that it does not track NOV dispositions and dismissals and that its HHT inventory records are unreliable. However, the agency provided no credible new evidence that had not already been addressed in this report. Furthermore, by stating that it has taken steps to implement the recommendations relating to these findings, DSNY acknowledges the validity of these findings.

The full text of the DSNY response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

DSNY's controls over the issuance and processing of NOV's need to be improved. DSNY has not made adequate efforts to identify and eliminate deficiencies in its issuance process. DSNY does not track and monitor NOV disposition and dismissal information and is, therefore, unable to identify and track the causes of the dismissals. This information would aid DSNY in developing strategies to help reduce dismissals based on deficiencies in its issuance process.

The audit also identified other weaknesses in DSNY's oversight of NOV's. Specifically, DSNY has inadequate segregation of duties over the process for voiding electronic NOV's and does not have a reliable HHT inventory listing. We also identified internal control weaknesses with the issuance of manual NOV's, resulting in NOV's not accounted for or not submitted to ECB.

In addition, DSNY did not follow its procedures regarding issuance of non-posting NOV's. According to the *City of New York Department of Sanitation Operations Order 2012-20*, "Only one (1) Notice of Violation per premise per day will be issued regardless of existing conditions. When there is more than one violation, issue the NOV for the most serious violation." However, contrary to the above procedure, we found that 5,369 out of 216,220 non-posting³ NOV's were issued on the same day to the same addresses.

On a positive note, DSNY has implemented a computerized system that streamlined the NOV issuance and management process. However, this enhancement is mitigated by the deficiencies identified above. These deficiencies are discussed in detail in the following sections of this report.

DSNY Does Not Track and Monitor NOV Dispositions and Dismissals

The Enforcement Division does not track and monitor NOV disposition and dismissal information. Consequently, DSNY does not have aggregate information on dismissals or revenues collected, which would be helpful in improving its NOV issuance process, reducing dismissals, and training staff when procedural deficiencies are identified.

DSNY officials stated that the staff has access to ECB's Adjudication Information Management System (AIMS) and can look up the status of a specific NOV at any time. In addition, on a monthly basis, ECB sends DSNY stacks of individual hardcopy decisions for NOV's. However, DSNY does not enter this information into NOVAS and, according to DSNY officials, these documents are simply filed away. ECB also sends DSNY the Green Book with information on NOV's processed and revenue collected, but this information cannot be reconciled to NOV's issued during a specific time period. The Green Book reports in the aggregate the number of NOV's dismissed, along with the reason, but DSNY does not receive detailed information on the actual NOV's that make up these figures. Consequently, DSNY cannot reconcile the Green

³ Posting NOV's are issued when individuals attach or affix handbills, posters, signs, advertisements, etc., to public items including trees, lampposts, telephone poles, bus shelters, mailboxes, and traffic signs. We excluded posting NOV's because DSNY practices allow multiple posting NOV's to be issued at the same time on the same day to the same addresses.

Book's figures. Furthermore, DSNY provided no evidence that it uses the Green Book in monitoring the disposition of NOV's. In fact, whenever we asked DSNY officials any questions about the information in the Green Book, they referred us to ECB.

At the exit conference, DSNY officials disagreed that they do not track disposition information and stated that they utilize the Green Book, Eco Stat reports, and AIMS. However, DSNY stated that it is difficult to track disposition information using the Green Book because it does not provide information on issuers and detailed dismissal reasons and the Eco Stat reports do not provide real-time information. In addition, DSNY did not provide us with any evidence to show how these resources have been used to improve the issuance process.

After the exit conference, DSNY officials provided us with copies of (1) department messages sent to its staff providing guidelines for issuing NOV's and (2) e-mails that were sent to borough chiefs informing them about invalid NOV's that were improperly issued. However, these department messages and e-mails refer solely to manual NOV's, which account for only 26 percent of the NOV's issued by DSNY in Fiscal Year 2012. DSNY provided no evidence that electronic NOV's are reviewed to identify deficiencies in the issuance process. DSNY also provided us with a list of refresher training courses on summonses that were given, but did not indicate that the training covered any specific types of deficiencies that may have been identified.

By not tracking disposition information, DSNY is depriving itself of an important tool that would help it identify deficiencies and allow it to determine whether additional training for staff is needed to reduce the number of NOV's dismissed by ECB because of deficiencies on DSNY's part⁴. According to the Green Book, of the 40,889 DSNY NOV's dismissed in Fiscal Year 2012, 10,119 (25 percent) were dismissed due to such deficiencies. (The estimated face value of these NOV's, based on minimum fine amounts, totaled approximately \$942,500.) . As indicated earlier, DSNY's violations represent a significant portion of both the NOV's received and the fines collected by ECB for City agencies (63 and 22 percent, respectively, in Fiscal Year 2012). Accordingly, it is important that DSNY ensure that dismissal and disposition information of NOV's is tracked in order to decrease the occurrence of deficiencies that may result in NOV dismissals. At least one other City agency, the Department of Buildings (DOB), has such an arrangement. DOB's Building Information System interfaces with AIMS, allowing DOB to track the NOV's it issues and to generate reports to review management indicators, such as dismissal and productivity rates. In addition, this interface allows DOB staff to prepare periodic reconciliations, helping them to ensure that the agency's NOV's are accounted for.

DSNY Response: DSNY acknowledges the audit's concerns regarding the tracking and monitoring of NOV dispositions and dismissals but disagrees strongly that it does not currently track or monitor them. DSNY states:

“ECB provides the Department with written decisions on individual summonses which enables us to determine which NOV's were dismissed and the reason for the dismissal. We routinely notify the respective borough offices if when [sic] we observe (i) any pattern in the types of violations, (ii) persistent errors, or (iii) officers with high rates of dismissals.”

⁴ These deficiencies include the following dismissal reasons: defective NOV, defective service, and improper party cited.

Auditor Comment: As we state in the report, the messages and e-mails sent to borough offices regarding invalid and improperly issued NOV's pertained to manual NOV's, which accounted for only 26 percent of the NOV's that DSNY issued in Fiscal Year 2012. For electronic NOV's, which account for the remaining 74 percent of NOV's issued, DSNY provided us with no evidence to show that it routinely reviews dismissals to identify patterns, persistent errors, or officers with high dismissal rates, let alone notifies borough offices regarding the results of any such reviews. In the absence of credible evidence to the contrary, we stand by our finding.

DSNY Response: "On a monthly basis, we also receive the ECB Green Book which provides aggregate data on summonses adjudicated and dismissed. In addition, we receive quarterly ECO-STAT reports which provide more detailed information on dismissals. These reports are reviewed frequently to determine whether there are any trends regarding types of dismissals or any issues in general regarding NOV's issued. The ECO-Stat report lists the officers and their rate of dismissals within a given period. This allows Department officials to identify officers who may need additional training in certain areas, or violation codes that might be problematic. If we identify any unusual trends, we notify the borough offices."

Auditor Comment: Although DSNY claims that it reviews the ECB Green Book and Eco-Stat reports, it provided no evidence to substantiate its claim, such as examples of trends or issues it identified as a result of such reviews. In fact, the first time that DSNY officials discussed the ECO-Stat reports was at the conclusion of audit fieldwork, at which time they acknowledged (1) the agency only recently started receiving them and (2) the reports were in the draft stage and not being fully utilized by the agency. In the absence of credible evidence to the contrary, we cannot give DSNY's claims any credence. Accordingly, our finding remains.

Recommendations

DSNY should:

1. Implement procedures to ensure that NOV disposition and dismissal information is tracked and reported, allowing it to develop strategies to reduce NOV dismissal rates and improve staff training.

DSNY Response: DSNY agreed stating, "We acknowledge your recommendation. The Agency has been reviewing our own tracking and monitoring process and available tools, and are currently working with NYC Analytics from the Mayor's Office in a data-exchange project (DEEP Project) to obtain data on NOV's, including dispositions and dismissals similar to what Department of Buildings has. This would allow us to better track and monitor NOV data and improve the NOV issuance process. We anticipate that project will be online by year-end."

2. Consider creating an interface between NOVAS and AIMS to track the NOV's it issues, including information on NOV dispositions.

DSNY Response: DSNY disagreed stating, "It would not be feasible to implement your recommendation because the NOVAS and AIMS systems are not wholly compatible; bridging the data storage systems is complex. Some data elements may be accessible; however, an interface between the two systems would not be practical and likely very costly. . . ."

Auditor Comment: Currently, the resources that DSNY has to track disposition and dismissal information have limitations. DSNY should reconsider implementing this recommendation and do additional research on its feasibility and cost. An interface between NOVAS and AIMS would allow DSNY to directly generate reports to review disposition, dismissal, and revenue information for specific time periods. At least one other agency's interface (DOB) with AIMS has proven successful. DSNY should consider contacting DOB to find out information on how its interface was created. If not feasible, DSNY should investigate alternative ways to obtain electronic information on NOV dispositions from ECB.

Inadequate Controls over the Processing of Electronic NOVs

Inadequate Segregation of Duties over Voiding of Electronic NOVs

We found an inadequate segregation of duties over the voiding of electronic NOVs. DSNY allows field supervisors to both void NOVs that they issue and approve those same voids, increasing the risk that supervisors may inappropriately void NOVs.

According to DSNY procedures, an agent in the field cannot void an NOV and also approve that same void. The approval function is performed by the supervisors during the HHT docking process when the agents return to the office. However, there is no control within NOVAS preventing a supervisor from voiding an NOV and then approving that void. Our review of the NOVs voided in Fiscal Year 2012 identified 257 instances where supervisors voided NOVs that they themselves issued and approved those same voids in the NOVAS system.

According to Comptroller's Directive 1, key duties and responsibilities need to be divided or segregated among different staff members to reduce the risk of error or fraud. This would include separating the responsibilities for authorizing transactions and processing and recording them. Our review of a sample of these NOVs did not reveal evidence that the voids themselves were inappropriate. Nevertheless, an inadequate segregation of duties over the void approval process increases the risk that irregularities and abuse may occur.

At the exit conference, DSNY officials provided us with a copy of new *Command Order #13-010SP/13-012E* dated May 15, 2013, which states that under no circumstances should a summons void be entered and approved by the same person.

DSNY Response: "Although the current system allows for supervisors using NOVAS to void and approve their own summonses, everyone voiding an NOV must provide a legitimate reason for the void and prove that the summonses were re-issued. Moreover, a report is generated by NOVAS showing all electronically voided summonses and reason for the void regardless of who voided the ticket. As an internal control measure, the report is reviewed routinely by Enforcement management staff."

Auditor Comment: We asked DSNY for evidence of the management review, but officials were unable to provide it. In fact, DSNY officials did not even make this assertion until the exit conference, even though we shared this finding with them two months earlier. In the absence of reliable evidence, we are unable to confirm DSNY's claim.

Multiple NOVs Issued to Same Address on Same Day and Time

According to the *City of New York Department of Sanitation Operations Order 2012-20*, "Only one (1) Notice of Violation per premise per day will be issued regardless of existing conditions. When there is more than one violation, issue the NOV for the most serious violation."

Contrary to the above procedure, we found that 5,369 out of 216,220 non-posting NOVs were issued on the same day to the same addresses. Of the 5,369 NOVs, 835 were issued at the same time and 4,534 were issued at different times. Additionally, these 5,369 NOVs were sometimes issued by the same DSNY agent and sometimes by different agents.

The NOVAS system lacks imbedded controls to flag multiple violations that are issued to the same address on the same day. To further analyze the extent to which multiple NOVs were issued, we randomly selected samples from each category of the population of 835 NOVs that were issued on the same day and time. The results of our analysis are shown in Table I.

Table I
Deficiencies Found in the Processing of Electronic NOVs

NOV Type	Number of Individual Instances Identified	Sample Size of NOVs Reviewed	Dismissal Rate of Sampled NOVs	# of Multiple NOVs Issued to Same Respondents	% of NOVs Issued to Same Respondents
NOVs issued by the same agent, to the same address, for the same violation code on the same day and time.	217	132	22%	20	15%
NOVs issued by the same agent, to the same address, for different violation codes on the same day and time.	215	73	23%	37	51%
NOVs issued by different agents, to the same address, on the same day and time.	26	26	8%	12	46%

(**) Non-compliance relates to an individual receiving multiple NOVs on the same day at the same time

According to DSNY officials, the law does not prohibit the issuance of multiple tickets to the same offender in a day. Nevertheless, this is not in line with DSNY's procedures. As shown in Table I, the dismissal rates for the first two categories of sampled NOVs—22 and 23 percent—was approximately twice the dismissal rate for DSNY NOVs overall. (As stated previously, the dismissal rate for all DSNY NOVs processed by ECB in Fiscal Year 2012 was 11.4 percent.) Because DSNY does not track NOV disposition information, it is difficult to determine the full impact of this weakness on the NOV dismissal rate.

At the exit conference, DSNY officials stated that they will revise *Operations Order 2012-20* to clarify that not more than one NOV may be issued to a residential dwelling, which they claim was the intent of the order, because multiple NOVs can be written to businesses.

Recommendations

DSNY should:

3. Ensure that supervisors do not have the ability to both void NOVs and approve the voids.

DSNY Response: DSNY agreed stating, “We have acted upon this recommendation. The Agency issued a new Command Order in May of 2013 which now prohibits supervisors using NOVAS from issuing and approving their own voids.”

4. Ensure that NOVs are issued in accordance with its procedures.

DSNY Response: DSNY agreed stating, “DSNY has addressed the specific reference to Finding #2b regarding issuing multiple violations to the same address on the same day. We acknowledge your recommendation and are in the process of reviewing our procedures. We will review and clarify the language to ensure that NOVs are issued in accordance with Operations Order 2012-20. We anticipate completion by the end of August 2013.”

Unreliable HHT Inventory

DSNY does not maintain an accurate inventory listing of its HHTs. Our comparison of the master inventory listing of the HHTs with the separate listings of the HHTs allocated to each borough identified a shortage of 26 HHTs. By having inadequate inventory records, DSNY may not be able to account for all HHTs it has, and there is an increased risk that NOVs entered into HHTs that are lost will not be followed up and that HHTs may not be properly allocated to the borough offices based on need.

There were a total of 365 HHTs on the master inventory listing and only 339 HHTs on the combined borough listings, leaving 26 unaccounted for. DSNY stated that 16 of the 26 HHTs were moved to other locations and given new ID numbers. (Based on DSNY’s explanation, these HHTs were apparently recorded twice on the master inventory list—under both their original and new numbers.) For the remaining 10 HHTs, five were reportedly lost in the field and, for the remaining five, there is no record of their existence in DSNY’s database.

To verify that the 16 HHTs reportedly moved to new locations and renumbered were indeed the HHTs we were attempting to identify, we compared the serial numbers for these HHTs recorded on the master inventory list under their original and new numbers. Our analysis, however, revealed that the serial numbers for 11 of these HHTs did not reconcile. Consequently, it appears that the 11 “renumbered” HHTs were *not* the HHTs that we were attempting to identify. Therefore, DSNY did not correctly account for a total of 21 HHTs (five lost in the field, five not found in database, and 11 not on correct borough listing).

After questioning DSNY officials about the above-mentioned 11 HHTs that were reportedly transferred but their whereabouts unknown, DSNY provided a second set of explanations--primarily, that these HHTs had again been moved to other locations and renumbered. However, after assessing these explanations and reviewing DSNY’s records, the number of HHTs that appeared to be unaccounted for *increased*. It appears that DSNY changed the serial numbers of the HHTs on the documents to explain the whereabouts of the missing HHTs. Based on these issues, we have limited assurance that DSNY has an accurate record of all the HHTs in its possession. Without adequate HHT inventory records, there is an increased risk that NOVs entered into HHTs that are lost will not be followed up. In addition, inaccurate inventory records may result in HHTs at some locations being unaccounted for, leading to the unnecessary purchase of new ones.

At the exit conference, DSNY stated that it had accounted for every HHT and had reconciled the inventory listing. After the exit conference, we provided DSNY with a list of specific HHTs we wanted to observe. However, when we went to observe them, we determined that issues with the inventory still exist. DSNY was unable to provide us with an updated inventory listing and, in more than one instance, multiple HHTs were labeled with the same HHT number.

DSNY Response: “We disagree with inclusion of this assertion in the report; DSNY maintains an accurate perpetual inventory of HHT devices. It appears that the auditors have not fully grasped the concept of the HHT numbers assigned to the devices and those devices to locations and the fact that we use a programmatically-readable UUID number as a unique identifier for the devices. Moreover, after explaining to the auditors and showing them the actual devices, they are still trying to associate a serial number to each device, which is contrary to the method in NOVAS of associating devices to tickets.”

Auditor Comment: DSNY attempts to obfuscate this issue by presenting an argument that is illogical and not credible. First, DSNY argues that we “are still trying to associate a serial number to each device,” implying that not every device has a unique serial number. However, that is not the case. Each device has its own manufacturer’s serial number. Unlike the UUID number, however, the serial number is printed on the outside of the device and easily visible. Accordingly, the serial number is a suitable identifier to use in distinguishing one HHT from another.

Second, DSNY refers to the way devices are associated with tickets in NOVAS. We fail to see the significance of this as it pertains to the issue at hand. We were simply attempting to determine whether DSNY could account for all of its HHTs; how the devices and tickets are linked in NOVAS is irrelevant.

DSNY Response: “We do not track HHT devices by serial number, because there is no function available to the ticketing program to determine the host serial number. Furthermore, in many cases, a device sent for repair comes back with the same outer casing and serial number, but all of the internal electronic components are replaced and a new UUID is installed on one of its memory chips on the circuit board. The operating system has a function to retrieve the UUID from the chip. The UUID number is used for inventory tracking and programming purposes. This is the most secure identification number and can only be read from an internal source by an operating system command. That is why DSNY chose to use this particular number.”

Auditor Comment: By stating that “in many cases, a device sent for repair comes back with the same outer casing and serial number” but “a new UUID is installed on one of its memory chips on the circuit board,” DSNY unintentionally argues against using the UUID number to track HHTs. In its response, DSNY apparently asserts that many devices may have more than one UUID number, yet still retain the same serial number. Accordingly, in determining whether all HHTs are accounted for, the UUID number would *not* have been an appropriate identifier for us to use.

DSNY Response: “The difference between the 339 devices on the borough listings and the 365 HHTs on the master inventory listing was the result of borough offices accounting for only those HHTs active in production, while the master inventory listing accounts for all devices owned by the Department, including the ones that were connected to the development environment office. DSNY did provide an accounting of

all HHT units. There was no shortage during the audit, only a misunderstanding of our business practices. We always have all of the devices we are expected to have. We physically presented all of the devices in question to the auditors. Therefore, every statement in the report implying unaccounted for and missing HHTs as well as ‘limited assurance ... of HHTs in its possession’ ought to be retracted.”

Auditor Comment: DSNY’s claim that it provided an accounting of all HHT units is untrue. At the exit conference, DSNY officials agreed to give us an updated inventory listing. However, when we subsequently visited DSNY, officials refused to provide us with the updated listing as promised, stating that they needed additional time to reconcile it.

DSNY has agreed with the recommendation to strengthen its controls over the HHT inventory and stated that it has already developed an equipment inventory web application. Its agreement with the recommendation is an acknowledgement that its inventory listing had deficiencies. Accordingly, in the absence of credible evidence demonstrating that DSNY can accurately account for all of the HHTs in its possession, we see no reason to alter our finding.

Recommendation

5. DSNY should strengthen its controls over the HHTs and inventory records, and take appropriate action to ensure that all HHTs are accounted for and their location and disposition is accurately documented.

DSNY Response: DSNY agreed stating, “DSNY acknowledges your recommendation to strengthen our HHT inventory controls and has in fact already developed a NOVAS equipment inventory web application. It will account for all HHTs regardless of location or disposition. This system is already in operation.”

Inadequate Controls over the Processing of Manual NOVs

Inadequate Monitoring of Manual NOVs

DSNY does not adequately monitor the issuance of manual NOVs, significantly hindering its ability to account for all manually issued NOVs and ensure that they are forwarded to ECB. Contributing to this weakness, which is discussed in the following section of the report, DSNY does not maintain a database to record and track the manual NOVs it issues.

DSNY Response: “DSNY disagrees with [the above] this statement. DSNY does have comprehensive procedure [sic] in place for tracking manual NOVs. This process has been described and documented for the auditors.”

Auditor Comment: At issue is not whether DSNY has procedures in place to track the issuance of manual NOVs—it is the extent to which the agency ensures that those procedures are enforced. As discussed below, we found that staff: did not consistently record manual NOVs; did not investigate those manual NOVs that were not returned to be logged in; and did not consistently forward issued NOVs to ECB. Based on these deficiencies, we stand by our finding that DSNY’s monitoring of manual NOVs was inadequate.

The Enforcement Division, in particular the Logging Unit, is responsible for tracking manual NOV's. The Logging Unit uses a DS156 form to record all blank manual NOV's that are distributed to BCC, EPU, and PIU. DSNY procedures and practices require that manually issued NOV's be returned to the Logging Unit to be recorded on the DS156 form indicating the date returned to the Logging Unit and the actual NOV issuance date. The procedures also require that any NOV's not returned to the Logging Unit be investigated and the reason documented.

However, we determined that the Logging Unit did not consistently record the manually issued NOV's on the DS156 nor did it consistently investigate the disposition of those NOV's not returned to the unit.

We attempted to obtain the full population of manual NOV's issued in Fiscal Year 2012 by BCC for sample selection purposes, but the Logging Unit does not maintain a listing of the NOV's that are issued. As an alternative, we selected one DS156 form that included 500 recorded blank manual NOV's that were sent to BCC supervisors and selected 75 for review. Of the 75 manual NOV's, seven were not returned to the Logging Unit and DSNY staff could not account for their whereabouts. After we brought this to DSNY's attention on December 13, 2012, officials provided us with inquiry letters sent from the Enforcement Division to the District Superintendents, dated December 17, 2012, inquiring about the missing NOV's. Based on documentation we obtained from DSNY, we determined that three of these NOV's were voided, two were sent to ECB (even though they were not recorded by the Logging Unit as being issued), and two were issued to owners but not submitted to ECB. (We also found another three NOV's from the 75 sampled that were reported on the DS156 form as being issued but were not submitted to ECB.)

Regarding manual NOV's issued by PIU and EPU, both units maintain separate listings of the manual NOV's they issue. Consequently, we selected for review a sample of 154 manual NOV's issued by PIU and EPU in Fiscal Year 2012—97 of the 994 NOV's issued by PIU and all 57 NOV's issued by EPU. Of the 154 manual NOV's reviewed, 10 were not reported on the DS156 maintained by the Logging Unit. DSNY did not provide any inquiry letters for these NOV's, but explained that four of the 10 were not recorded due to errors in processing, two were voided, and the remaining four NOV's were incorrectly entered into the PIU tracking system with the wrong NOV numbers. The four NOV's incorrectly entered were also not submitted to ECB even though they appeared to be valid violations.

The DS156 card is the only tracking system used by DSNY that would allow the agency to account for all the manual NOV's issued. Therefore, it is crucial that the DS156 card be reliable and accurate. Because of DSNY's inadequate monitoring of the manual NOV's, it is unable to track all of the manual NOV's issued and to ensure that they were submitted to ECB. As we found that all NOV's are not being forwarded to ECB, the potential fine revenues reported by ECB for DSNY NOV's is most likely understated. Furthermore, if a respondent is not required to pay a fine because an NOV was not submitted to ECB, there is an increased risk that the violations related to that NOV may go unresolved.

According to DSNY, manual NOV's represent 26 percent of the NOV's issued. As a best business practice, it is important for organizations to maintain detailed information on their transactions to allow regular reconciliation and management reporting. Because no accounting system was implemented at the Logging Unit to record, track, and process manual NOV's, DSNY cannot generate reports to show the total number of manual NOV's issued by violation code, type, address, issuer, or dollar amount. Without such detailed information on the manual NOV's, DSNY is hindered in its review capabilities and is unable to determine whether a

violation is a second or third offense, thereby warranting an increased fine. DSNY is also hindered in its ability to track disposition and dismissal information of manual NOV's, resulting in the agency being unable to identify and track the causes of the dismissals due to deficiencies on DSNY's part.

As noted above, two DSNY units (EPU and PIU) have implemented an accounting system that allows them to track manual NOV's and to generate reports as needed. However, to make the processing of manual NOV's efficient and more effective, DSNY should also implement a tracking system for all manual NOV's.

No Follow-up in Instances Where Ownership Cannot be Determined

DSNY does not have a system to track and follow up on manual NOV's that cannot be processed because the owners cannot be identified. In the absence of such a system, DSNY is hindered in its ability to take corrective action to minimize the frequency with which that occurs.

NOV's issued by BCC are sometimes issued to "Owner" in instances when the owner cannot be identified. When these NOV's arrive at the Logging Unit, they are recorded on the DS156 and forwarded to ODU to search for the owner of the property in DOF and Housing and Preservation Development records before the NOV is submitted to ECB.

During our walk-through meeting at the ODU unit, however, we noticed that many NOV's written to "Owner" were left on the clerk's desk unprocessed. The clerk informed us that the ownership information could not be found for these NOV's. The ODU staff did not take any additional action on these NOV's or inform supervisors about the issue of locating the owners for these NOV's. DSNY officials stated that because these NOV's do not have owner information, they cannot be processed further.

We selected a sample of 20 of these NOV's and attempted to identify the owners. We were able to identify the owners for three of the 20 sampled NOV's written to "Owner" by searching DOF records (after performing a Google Map search to identify the correct address). DSNY agreed with our determination of the owners in two instances and stated that the possible reason for non-determination of ownership was clerical errors made by field personnel (e.g., recording a non-existent address on the NOV.) DSNY cannot correct street addresses or make changes to the NOV.

Because DSNY does not track the disposition of manual NOV's, the agency is not able to determine (1) how many manual NOV's are unprocessed because the owner could not be identified, (2) how many of these are due to errors made by field personnel, and (3) the degree to which this problem occurs. (As noted above, we noticed that many NOV's written to "Owner" were unprocessed.) In the absence of a tracking system for manual NOV's, DSNY is hindered in its ability to identify the factors contributing to owners not being identified and to take corrective measures to address those factors.

At the exit conference, DSNY officials stated that they have begun a new process of sending lists of addresses to DOF for ownership information when the addresses cannot be found. After the exit conference, DSNY provided us with e-mail requests sent to DOF for ownership information dated between March and May 2013. We are glad to see that DSNY has implemented a new step to help determine ownership information; however, in instances where clerical errors have been made, it is very likely that ownership information will still not be found.

Consequently, DSNY also needs to investigate NOV's for which ownership information cannot be found to determine the causes and to help minimize these occurrences in the future.

Recommendations

DSNY should:

6. Ensure that the Logging Unit investigates in a timely manner NOV's that are not returned by periodically reviewing DS156 forms.

DSNY Response: DSNY agreed stating, "This has always been practiced by the logging unit on a daily basis and additional staff was hired at the end of 2012 to supervise and assist with this process."

7. Ensure that the Logging Unit complies with operating procedures to help ensure that all manual NOV's are accounted for and transmitted to ECB.

DSNY Response: DSNY agreed stating, "This has always been practiced by the logging unit on a daily basis and additional staff was hired at the end of 2012 to supervise and assist with this process."

8. Implement an electronic accounting system to record, track, and process all manual NOV's.

DSNY Response: DSNY agreed stating, ". . . we are in the process of creating an electronic reporting system to track and monitor all manual NOV's from the time the blank NOV document leaves Enforcement until it returns as a completed NOV and is delivered to ECB. We anticipate that this new system will be completed by the end of the year."

9. Investigate NOV's when owner information cannot be found to determine the causes and take appropriate actions to minimize such occurrences when the cause is due to errors made by DSNY personnel.

DSNY Response: DSNY agreed stating, "DSNY acknowledges your recommendation and will continue to review all NOV's where owner information was not found. If it is determined that the error was made by the supervisor, then we will inform the borough offices so that appropriate action can be taken to assist us in reducing those errors."

DETAILED 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.

The primary audit scope was Fiscal Year 2012 to the present.

To gain an understanding of the roles of the units responsible for issuing and processing NOV's and to determine whether DSNY has adequate controls in place, we conducted walk-throughs and observations of several DSNY units and interviewed DSNY officials and personnel involved with the process. In addition, to obtain and review information on NOV issuance, we requested the NOV void report⁵, the Violation Codes report, Violation Codes and Fines Report, Listing of Issued NOV's, and the NOVAS user manual.

To gain further understanding of relevant policies, procedures, laws, and regulations related to the cleanliness of New York City, we reviewed and used as criteria: *A Summary of Sanitation Rules and Regulations*, revised in October 2009; *Notice of Violation Policy*, dated May 7, 2012; *DSNY Annual Report 2011*; Affidavit of Department of Sanitation's Mailing Process; *ECB And PVB Summons Guide*, dated May 4, 2012; ECB Summons Overview Process and related operational orders; NOVAS training Scenario Manual; *Novas Report Description*; Schedule of fines for all types of NOV's; the *Mayor's Management Report*; and other relevant DSNY procedures. We also reviewed a prior audit issued by the Office of the New York City Comptroller on the NOVAS system titled *Audit Report on the Development and Implementation of the Notice of Violation Administration System by the Department of Sanitation* issued on June 27, 2008 (7A08-056). In addition, we reviewed Comptroller's Directive 1 – *Principles of Internal Control*.

To understand and evaluate the controls over processing electronic NOV's, we observed a demonstration of the issuance of a ticket by IT staff using an HHT. We also conducted an observation of the back-end (docking) process at the end of a shift performed by enforcement supervisors. During this process, we evaluated controls over the ticket voiding procedure and the timing of ticket issuance. We also reviewed the *City of New York Department of Sanitation Notice of Violation Administration System (NOVAS) Training Scenario Manual* to obtain an overview of the use of the HHTs.

To obtain a population of NOV's for sampling, we requested from DSNY the listing of all NOV's issued electronically in Fiscal Year 2012 and received several reports generated from NOVAS. DSNY provided three different files on three separate dates. To assess the reliability of the computer-processed data generated from the NOVAS database, we reviewed the NOV information provided in the three files provided. We compared the information contained in these different reports to assess their reliability and determined that the report containing 267,318 NOV's was most complete. Using this report, we employed Audit Command Language (ACL) software to perform several analyses such as testing for duplicates, identifying gaps and

⁵ A listing of all NOV's that were voided in Fiscal Year 2012.

looking for unmatched NOV's, and we investigated samples of NOV's when anomalies were identified.

We identified 342 gaps in the NOV sequence numbers where the number of NOV's missing from the sequence was 1,000 or more. We randomly selected five gaps and generated 20 random numbers from each of the gaps for testing. We searched the selected NOV numbers using the ECB "Ticket Finder" on ECB's website to verify whether the NOV was actually issued. If the NOV was issued, we printed the ticket image and disposition status to determine the date of issuance, the respondent, and the disposition of the NOV.

To determine whether NOV's were appropriately voided, we reviewed the void report which contained 15,545 voided NOV's during Fiscal Year 2012. We reviewed the report to determine whether any NOV's were inappropriately issued, voided, and approved by the same individual.

To determine whether DSNY incorrectly issued multiple NOV's to the same individual at the same time, we generated a listing of all 835 non-posting NOV's that were issued on the same day and time to the same addresses during Fiscal Year 2012. We selected a sample of 231 NOV's from the population of 835 non-posting NOV's and examined them for time of issuance and respondent and determined their dismissal rate. We also verified whether these NOV's were issued to the same respondents by the same or different DSNY agents. As an additional test, we randomly selected and reviewed a sample of 50 NOV's from a population of 216,220 non-posting NOV's for Fiscal Year 2012 to determine the dismissal rate and disposition status.

To assess the reliability and accuracy of the inventory listing of HHTs maintained by DSNY, we requested an up-to-date master inventory listing and separate listings of the breakdown of the HHTs allocated to each of the five boroughs. We compared the HHT numbers on the inventory listings to ensure that all the HHTs on the master inventory listing appeared on the borough listings and vice versa. In addition, to ascertain whether HHTs were actually at the location indicated on the inventory listing, we judgmentally selected the Manhattan Zone District Office and conducted an unannounced inventory check of some HHTs on February 19, 2013. We visited the IT office to account for HHTs that were reportedly transferred from the Manhattan Zone District Office to that location to verify their existence.

To determine whether manual NOV's were adequately tracked and forwarded to ECB, we selected three samples of manual NOV's. Because the Logging Unit does not track all manual NOV's, we selected a DS156 form opened on January 18, 2012. The Logging Unit uses a DS156 form to record all blank manual NOV's that are distributed to borough offices, EPU, and PIU. There were 500 NOV's on each page of the DS156 form. We selected 75 NOV's issued by three different BCC supervisors. Because PIU and EPU also issue manual NOV's and maintain a listing of their issued NOV's, we requested and obtained a listing of all NOV's issued by these two units in Fiscal Year 2012. We judgmentally selected a sample of 97 NOV's from a population of 994 issued by the PIU and the entire population of 57 NOV's issued by EPU. We tested the total of 229 manual NOV's to verify whether they were processed by the Logging Unit and submitted to ECB, and then determined their disposition. In addition, to ensure that ODU properly looked up ownership information for NOV's written to "owner," we selected 20 NOV's for which ownership could not be determined and tried to determine the owner's information.

To obtain additional information on the DSNY NOV's processed by ECB, we requested and reviewed the OATH/ECB Monthly Agency Reports—"Green Book," dated June 2012. We reviewed the reports on DSNY NOV's received by ECB for information on dismissals, productivity analysis, and payments for the period of July 2011 to June 2012.

The results of the above tests of the various samples, while not projected to their respective populations, provide a reasonable basis for us to assess the adequacy of DSNY's controls over the processing and issuance of the NOVs and its effort to reduce the number of NOVs dismissed based on deficiencies in its issuance process.



sanitation

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June 11, 2013

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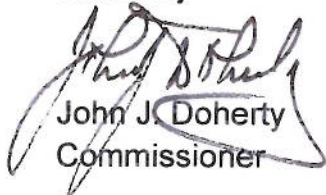
Re: Audit Report on the Controls over the Processing of Notices of Violations Issued by the Department of Sanitation, MD12-124A, dated May 28, 2013

Dear Deputy Comptroller Kim,

Thank you for the opportunity to review and comment on the four major findings and nine recommendations contained in your recent audit on the Department of Sanitation's Oversight over the Processing of Notices of Violations. We ask that you consider our comments seriously and reflect them in the final audit report.

Thank you.

Sincerely



John J. Doherty
Commissioner

Attachment

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DSNY has reviewed the Draft Report on the Controls over the Processing of Notices of Violations Issued by the Department of Sanitation, Audit #MD12-124A, dated May 28, 2013. Our responses to the findings and recommendations are outlined below.

Finding #1

DSNY Does Not Track and Monitor NOV Dispositions and Dismissals

Based on the audit, "The Enforcement Division does not track and monitor NOV disposition and dismissal information. Consequently, DSNY does not have aggregate information on dismissals or revenues collected, which would be helpful in improving its NOV issuance process, reducing dismissals, and training staff when procedural deficiencies are identified."

Agency Response

We acknowledge your concerns regarding the tracking and monitoring of NOV dispositions and dismissals. The Agency has been reviewing its own tracking and monitoring process and available tools. We are currently working with NYC Analytics from the Mayor's Office in a data-exchange project (DEEP Project) to obtain data on NOV's, similar to the manner in which the Department of Buildings obtains its data from ECB. This would allow us to better track and monitor NOV data and improve the NOV issuance process. We anticipate that this project will be online by year-end.

However, we disagree strongly with your assertion that the Agency does not currently track or monitor NOV dispositions and dismissals. Although, we do not have an electronic tracking database to record every disposition or dismissal, we do monitor the disposition of our summonses, particularly the dismissals by utilizing various ECB reports that are made available to us.

ECB provides the Department with written decisions on individual summonses which enables us to determine which NOV's were dismissed and the reason for the dismissal. We routinely notify the respective borough offices if when we observe (i) any pattern in the types of violations, (ii) persistent errors, or (iii) officers with high rates of dismissals.

On a monthly basis, we also receive the ECB Green Book which provides aggregate data on summonses adjudicated and dismissed. In addition, we receive quarterly ECO-STAT reports which provide more detailed information on dismissals. These reports are reviewed frequently to determine whether there are any trends regarding types of dismissals or any issues in general regarding NOV's issued. The ECO-Stat report lists the officers and their rate of dismissals within a given period. This allows Department officials to identify officers who may need additional training in certain areas, or violation codes that might be problematic. If we identify any unusual trends, we notify the borough offices.

In the past, we have drafted and published Departmental Messages addressing these issues. These are distributed and are available Department-wide for reference. Furthermore, if there are

problems with individual summonses, we have the ability to access AIMS to review the summons.

As a result of our review and monitoring, we do advise our borough offices of any problems with the issuance of summonses, such as incomplete addresses, improper violation codes, or any other issues that may result in summonses being dismissed. If necessary, borough offices will request that additional training be provided to officers to assist them with the proper issuance of NOV's. The Enforcement Division arranges training in order to address the deficiencies and suggest ways to improve the NOV issuance process to ultimately reduce the number of dismissals.

Also, we are perplexed by your assertion that DSNY did not provide the auditors with the specific types of deficiencies that were discussed during training. The auditors never requested this information either during the audit, exit conference, or after completion of the audit. We did not realize that these details were expected. If the auditors had requested this information we would have provided it readily.

While your suggestion for reviewing and analyzing these reports may seem useful in reducing dismissals there are some limitations with respect to the use of these reports.

For example, the ECB Green Book shows the productivity of the Environmental Control Board during each reporting period. In most cases, the information is not representative of the period in which the summonses were issued. It is an aggregate total of all summonses adjudicated during the reporting period regardless of the issuance date. In many cases, the adjudication period and issuance date are months apart.

The ECO-STAT Report is not a real-time report in that it only provides information on those summonses that were issued within the last 8-9 months, but adjudicated within the last three months and does not report on actual summonses issued within the current period.

As we have indicated several times, electronic NOV's have built-in controls to reduce errors in issuance of summonses such as incorrect addresses or improper types of violation codes, eliminating the need for the same level of review as with the manual system. Furthermore, before the NOV is printed, the system internally checks the file to validate the NOV's. The NOVAS HHT will not allow the user to issue a violation to an invalid address or use a violation code that doesn't match the description given. Hence, any problematic NOV's would neither be issued nor sent to ECB

We are constantly striving to improve the issuance of NOV's and eliminate the errors in the affected summonses, the final decision as to whether a summons is dismissed rests with ECB.

Finding #2

Inadequate Controls over the Processing of Electronic NOV's

a) Inadequate Segregation of Duties over Voiding of Electronic NOVs

The report states that there is no control within NOVAS preventing a supervisor from voiding an NOV and then approving that void.

Agency Response

Although the current system allows for supervisors using NOVAS to void and approve their own summonses, everyone voiding an NOV must provide a legitimate reason for the void and prove that the summonses were re-issued. Moreover, a report is generated by NOVAS showing all electronically voided summonses and reason for the void regardless of who voided the ticket. As an internal control measure, the report is reviewed routinely by Enforcement management staff. A very large number of the voided summonses sampled were in fact rewritten following the void.

Again, all voided NOVs issued using the NOVAS system, regardless of the voiding personnel are reviewed by Enforcement management staff for approval.

We understand your concerns regarding segregation of duties with respect to supervisors being able to issue and void their own NOVs and have revised our controls by issuing a new directive (Command Order #13-010SP/13-012E) eliminating this practice. The Command order requires that a different supervisor or superior approve the voided NOV.

b) Multiple NOVs Issued to Same Address on Same Day and Time

The audit also states "According to the *City of New York Department of Sanitation Operations Order 2012-20* only one (1) Notice of Violation per premise per day will be issued regardless of existing conditions. When there is more than one violation, issue the NOV for the most serious violation."

The audit further states that "Contrary to the above procedure, we found that 5,369 out of 216,220 non-posting NOVs were issued on the same day to the same addresses. Of the 5,369 NOVs, 835 were issued at the same time and 4,534 were issued at different times. Additionally, these 5,369 NOVs were sometimes issued by the same DSNY agent and sometimes by different agents."

Agency Response

The Agency realizes that the procedure which the auditors are referring to was vague in terms of the number of violations that can be issued by an agent to the same address on the same day and time. We are in the process of reviewing and rewriting the current Operations Order to clarify the procedures regarding issuances of multiple summonses to the same address.

The intent of the Operations Order 2012-20 was to limit multiple summonses being written for the same offense on the same day to the same address at residential properties. There is no law in place to limit the number of summonses issued to a particular address in a 24-hour period. This procedure is within the control of the Department.

For FY 2012, the auditors found 5,369 (2.4%) of the 216,220 non-posting NOVs that were issued on the same day to the same address. 1,610 (0.7%) of the 216,220 non-posting violations were issued for action-type violations such as for unleashed dogs, improper use of baskets, vehicles illegally parked in a public place, illegal dumping, and theft of recycling. The named respondent on action violations is the violator. The address listed is only the place of occurrence. In most cases, the violator has no relationship to the address used as the place of occurrence. Hence, the property owner is not the responsible party. There were 1,412 (0.65%) violations issued to commercial properties. These violations are the responsibility of the business owner, not the property owner housing the business. The remaining 2,347 (1.08%) violations were issued to residential dwellings.

In the cases where the auditors found multiple NOVs issued to the same address on the same day, the Department acted within its discretion. Many of these violations were issued to both individuals and to businesses as opposed to residential premises, which is allowed.

In addition, the report claims that the NOVAS system lacks imbedded controls to flag multiple violations that are issued to the same address on the same day. HHTs are unaware of each other; thus, the system would not be able to alert agents that a similar violation had been issued. If we were to implement the auditor's suggestion for having such a control imbedded into the system, such a feature would restrict enforcement actions by preventing agents from issuing multiple violations in situations which may be warranted.

FINDING # 3

Unreliable HHT Inventory

Again, according to the audit, "DSNY does not maintain an accurate inventory listing of its HHTs. Our comparison of the master inventory listing of the HHTs with the separate listings of the HHTs allocated to each borough identified a shortage of 26 HHTs. By having inadequate inventory records, DSNY may not be able to account for all HHTs it has, and there is an increased risk that NOVs entered into HHTs that are lost will not be followed up and that HHTs may not be properly allocated to the borough offices based on need."

Agency Response

We disagree with inclusion of this assertion in the report; DSNY maintains an accurate perpetual inventory of HHT devices. It appears that the auditors have not fully grasped the concept of the HHT numbers assigned to the devices and those devices to locations and the fact that we use a programmatically-readable UUID number as a unique identifier for the devices. Moreover, after explaining to the auditors and showing them the actual devices, they are still trying to associate a serial number to each device, which is contrary to the method within NOVAS of associating devices to tickets.

The fear that "... HHTs may not be properly allocated to the borough offices based on need" is a perfect illustration of the apparent misunderstanding the auditors have of the business process

surrounding issuing devices and associating tickets with devices.

We do not track HHT devices by serial number, because there is no function available to the ticketing program to determine the host serial number. Furthermore, in many cases, a device sent for repair comes back with the same outer casing and serial number, but all of the internal electronic components are replaced and a new UUID is installed on one of its memory chips on the circuit board. The operating system has a function to retrieve the UUID from the chip. The UUID number is used for inventory tracking and programming purposes. This is the most secure identification number and can only be read from an internal source by an operating system command. That is why DSNY chose to use this particular number.

The HHT numbers are primarily used as a means of allocating the ticket ranges, similar to the books of paper tickets. For operational convenience, DSNY varies the HHT numbers of specific devices based upon intended use, location or status of the device. The HHT number is assigned based on the borough location. When a device is undergoing detailed diagnostics it is assigned a different HHT number in order to allow for testing and trial without interfering with the inventory of actual ticket numbers. The device ticket ranges for the HHTs in the development environment offices are different and easily distinguished from real ticket numbers.

The difference between the 339 devices on the borough listings and the 365 HHTs on the master inventory listing was the result of borough offices accounting for only those HHTs active in production, while the master inventory listing accounts for all devices owned by the Department, including the ones that were connected to the development environment office. DSNY did provide an accounting of all HHT units. There was no shortage during the audit, only a misunderstanding of our business practices. We always have all of the devices we are expected to have. We physically presented all of the devices in question to the auditors. Therefore, every statement in the report implying unaccounted for and missing HHTs as well as "limited assurance ... of HHTs in its possession" ought to be retracted. It is common for a device to have multiple HHT numbers because a single HHT, over time, can be used by agents in multiple offices. The HHT numbers are changed when an HHT moves between enforcement office and BIT Development Environment.

DSNY can and does account for all HHT units on a daily basis, and there is no risk of NOV's being unaccounted for.

Every day HHTs taken into the field must be returned and docked. If a unit had not been docked, then a department report documenting the loss of an HHT is drafted and the report is forwarded to the proper personnel. In addition, a police report is filed.

Furthermore, DSNY has introduced an additional inventory tracking system which involves transaction records in a "user-friendly" interface. Again, we strongly stress, DSNY did provide all of the requested inventory information.

FINDING # 4

Inadequate Controls over the Processing of Manual NOV's

a) Inadequate Monitoring of Manual NOV's

The audit states that "DSNY does not adequately monitor the issuance of manual NOV's; significantly hindering its ability to account for all manually issued NOV's and ensures that they are forwarded to ECB. Contributing to this weakness, which is discussed in the following section of the report, DSNY does not maintain a database to record and track the manual NOV's it issues."

Agency Response

DSNY disagrees with this statement. DSNY does have comprehensive procedure in place for tracking manual NOV's. This process has been described and documented for the auditors. However, the Agency sees the merit of building an electronic database to further enhance our analytical capabilities. As part of the agency's plans to improve the NOV system, DSNY is in the process of developing an electronic tracking system to account for all manual NOV's issued and we anticipate that this will be completed by year end.

b) No Follow-up in Instances Where Ownership Cannot be Determined

Also, according to the report "DSNY does not have a system to track and follow up on manual NOV's that cannot be processed because the owners cannot be identified. In the absence of such a system, DSNY is hindered in its ability to take corrective action to minimize the frequency with which that occurs."

Agency Response

The agency recognizes that there are a small percentage of manual NOV's that cannot be fully processed due to the inability to identify the owners. We utilize available resources, including the databases of the Department of Finance, the Buildings Department and Housing Preservation and Development Department to identify the responsible party. If we cannot determine the responsible party, DSNY submits the addresses to City Planning and Department of Finance for further investigation.

Audit Recommendations and Agency Responses

The Agency should:

Recommendation #1 - Implement procedures to ensure that NOV disposition and dismissal information is tracked and reported allowing it to develop strategies to reduce NOV dismissal rates and improve staff training.

Agency Response –Partially Agree

We acknowledge your recommendation. The Agency has been reviewing our own tracking and monitoring process and available tools, and are currently working with NYC Analytics from the Mayor's Office in a data-exchange project (DEEP Project) to obtain data on NOV's, including dispositions and dismissals similar to what Department of Buildings has. This would allow us to better track and monitor NOV data and improve the NOV issuance process. We anticipate that this project will be online by year-end.

Recommendation #2 - Consider creating an interface between NOVAS and AIMS to track the NOV's it issues, including information on NOV dispositions.

Agency Response- Disagree

It would not be feasible to implement your recommendation because the NOVAS and AIMS systems are not wholly compatible; bridging the data storage systems is complex. Some data elements may be accessible; however, an interface between the two systems would not be practical and likely very costly. We should point out that detailed information about DSNY NOV's in AIMS comes from NOVAS. The AIMS information for paper tickets, which may be useful to DSNY, comes from human transcription and typing; transcription via typing is a process prone to simple but critical errors. Therefore, the recommendation is infeasible both on a cost-benefit basis, and on a data integrity basis.

Recommendation #3 - Ensure that supervisors do not have the ability to both void NOV's and approve the voids.

Agency Response - Agree

We have acted upon this recommendation. The Agency issued a new Command Order in May of 2013 which now prohibits supervisors using NOVAS from issuing and approving their own voids. Again, all voided electronic NOV's are reviewed by Enforcement Management staff.

Recommendation #4 - Ensure that NOV's are issued in accordance with its procedures.

Agency Response – Partially Agree

DSNY has addressed the specific reference to Finding #2b regarding issuing multiple violations to the same address on the same day. We acknowledge your recommendation and are in the process of reviewing our procedures. We will review and clarify the language to ensure that NOVs are issued in accordance with Operations Order 2012-20. We anticipate completion by the end of August 2013.

Recommendation #5 - DSNY should strengthen its controls over the HHTs and inventory records, and take appropriate action to ensure that all HHTs are accounted for and their location and disposition is accurately documented.

Agency Response – Partially Agree

DSNY acknowledges your recommendation to strengthen our HHT inventory controls and has in fact already developed a NOVAS equipment inventory web application. It will account for all HHTs regardless of location or disposition. This system is already in operation.

Recommendation #6 - Ensure that the Logging Unit investigates in a timely manner NOVs that are not returned by periodically reviewing DS 156 forms.

Agency Response – Partially Agree

This has always been practiced by the logging unit on a daily basis and additional staff was hired at the end of 2012 to supervise and assist with this process.

Recommendation #7 - Ensure that the Logging Unit complies with operating procedures to help ensure that all manual NOVs are accounted for and transmitted to ECB.

Agency Response – Partially Agree

See response to recommendation six.

Recommendation #8 - Implement an electronic accounting system to record, track, and process all manual NOVs.

Agency Response – Partially Agree

We acknowledge your recommendations #6, #7 and #8 and we are in the process of creating an electronic reporting system to track and monitor all manual NOVs from the time the blank NOV document leaves Enforcement until it returns as a completed NOV and is delivered to ECB. We anticipate that this new system will be completed by the end of the year.

Recommendation #9 - Investigate NOV's when owner information cannot be found to determine the causes and take appropriate actions to minimize such occurrences when the cause is due to errors made by DSNY personnel.

Agency Response – Partially Agree

DSNY acknowledges your recommendation and will continue to review all NOV's where owner information was not found. If it is determined that the error was made by the supervisor, then we will inform the borough offices so that appropriate action can be taken to assist us in reducing those errors.

Moreover, we have instituted a policy wherein DSNY voids those NOV's and alerts ECB about the voided number.