



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



MANAGEMENT AUDIT

Marjorie Landa

Deputy Comptroller for Audit

Audit Report on the Brooklyn Borough
President's Office's Controls over Its
Inventory of Computers and Related
Equipment

MD18-100A

November 26, 2018

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

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To the Residents of the City of New York:

My office has audited the Brooklyn Borough President's Office (BBPO) to determine whether it had adequate controls over its inventory of computers and related equipment. We audit City operations such as this as a means of ensuring that agencies comply with regulations and are accountable for City resources.

The audit found that the BBPO's controls over its inventory of computers and related equipment need improvement. The auditors were able to locate 48 (96 percent) of the 50 sampled computer items—according to the BBPO, the 2 missing sampled items were stolen—and information on the BBPO's master inventory list for the sampled items was generally accurate. However, some items were listed with incorrect locations or model and serial numbers. In addition, the BBPO could not account for 1,608 of 4,363 tag numbers that are used to account for its equipment. Further, the audit found that the BBPO does not maintain an adequate segregation of duties in relation to the management of its computers and related equipment. Finally, the BBPO could not provide evidence that it performs an annual inventory count.

The audit recommended that the BBPO should: (1) regularly review, reconcile and update its inventory records to ensure the information recorded is accurate; (2) ensure that tag numbers are sequentially assigned to all equipment and tracked; (3) ensure that key tasks related to inventory of equipment are adequately segregated or institute compensating controls if a segregation of responsibilities is not feasible; and (4) ensure that annual inventory counts are conducted and documented.

The results of the audit have been discussed with BBPO officials, and their comments have been considered in preparing this report. The BBPO's 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,



Scott M. Stringer

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CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

Audit Report on the Brooklyn Borough President's Office's Controls over Its Inventory of Computers and Related Equipment

MD18-100A

EXECUTIVE SUMMARY

The objective of this audit was to determine whether the Brooklyn Borough President's Office (BBPO) has adequate controls over its inventory of computers and related equipment.

The Borough Presidents are the executive officials of New York City's five boroughs. The City Charter grants each Borough President, elected to a term of four years, the power to prepare and review budget proposals for the City Council; recommend capital projects; hold public hearings on matters of public interest; consult with the Mayor and the City Council on the preparation of the City's executive and capital budgets; review and recommend applications and proposals for the use, development or improvement of land within the borough; prepare environmental analyses required by law; provide technical assistance to the borough's community boards; monitor and make recommendations regarding the performance of contractual services in the borough; and propose legislation in the City Council.

Computers and related equipment (including mobile devices) play a vital role in helping the BBPO staff achieve the agency's mission. According to the Comprehensive Annual Financial Report of the New York City Comptroller for Fiscal Year ending June 30, 2017, the BBPO's actual expenditures totaled \$6.1 million, which included \$5.0 million for Personal Services and \$1.1 million for Other Than Personal Services (OTPS). The OTPS expenses for this period included purchases of computers and related equipment totaling approximately \$43,000.

Audit Findings and Conclusion

The BBPO's controls over its computers and related equipment (also collectively referred to as computer items) need improvement. We were able to locate 48 (96 percent) of 50 sampled computer items—according to the BBPO, the 2 missing sampled items were stolen. We also found that information on the BBPO's master inventory list for the sampled items was generally accurate. However, we found that three sampled items were in locations different than the ones listed in the records and three sampled items were recorded with incorrect model or serial numbers. We also found another eight items with model or serial numbers that did not reconcile

with the numbers recorded in the records; however, the discrepancies affecting those eight items (e.g., a serial number missing 1 of its 15 digits) appeared to be due to a careless recording of the numbers. In addition, although the BBPO uses sequential, pre-numbered property tags to account for its equipment, the BBPO could not account for 1,608 of 4,363 tag numbers (37 percent). In the absence of an accounting or a verifiable explanation for why those tag numbers were missing from the BBPO's inventory records, we were unable to ascertain whether they had been assigned to equipment that was not listed in the BBPO's inventory records or whether they had been skipped, that is, never issued or used by the BBPO. The audit also found that the BBPO does not maintain an adequate segregation of duties in relation to the management of its computers and related equipment. Finally, although BBPO officials informed us that they conduct inventory counts at least once each year, they were unable to provide evidence of the counts. Consequently, we could not corroborate their assertion.

Audit Recommendations

Based on the audit, we make four recommendations:

- The BBPO should regularly review, reconcile and update its inventory records to ensure that the information recorded is accurate.
- The BBPO should ensure that tag numbers are sequentially assigned to all equipment and tracked in cases where tags are damaged and replaced.
- The BBPO should ensure that key tasks related to the inventory of computers and related equipment are adequately segregated or should institute compensating controls if a segregation of responsibilities is not feasible. The BBPO should also update its procedures accordingly.
- The BBPO should ensure that annual inventory counts are conducted and documented.

Agency Response

In its response, the BBPO agreed with two recommendations—that it ensure that tag numbers are sequentially assigned and that annual inventory counts are conducted and documented. The BBPO partially agreed with one recommendation—that it regularly review, reconcile and update its inventory records—and disagreed with one recommendation, specifically, that it ensure that key tasks related to the inventory of computers and related equipment are adequately segregated, because the BBPO contends that those responsibilities are already adequately segregated.

AUDIT REPORT

Background

The Borough Presidents are the executive officials of New York City's five boroughs. The City Charter grants each Borough President, elected to a term of four years, the power to prepare and review budget proposals for the City Council; recommend capital projects; hold public hearings on matters of public interest; consult with the Mayor and the City Council on the preparation of the City's executive and capital budgets; review and recommend applications and proposals for the use, development or improvement of land within the borough; prepare environmental analyses required by law; provide technical assistance to the borough's community boards; monitor and make recommendations regarding the performance of contractual services in the borough; and propose legislation in the City Council.

The Brooklyn Borough Board is a charter-mandated committee consisting of the Borough President, who serves as Chairperson; the Council Members for each district in Brooklyn; and the chairpersons of Brooklyn's 18 community boards. The Borough Board is empowered to initiate and review comprehensive or special purpose land use plans for Brooklyn, as well as mediate any disputes between community boards, and make policy recommendations to the Mayor and City Council. Computers and related equipment (including mobile devices) play a vital role in helping the BBPO staff achieve the agency's mission.

According to the Comprehensive Annual Financial Report of the New York City Comptroller for Fiscal Year ending June 30, 2017, the BBPO's actual expenditures totaled \$6.1 million, which included \$5.0 million for Personal Services and \$1.1 million for Other Than Personal Services (OTPS). The OTPS expenses for this period included purchases of computers and related equipment totaling approximately \$43,000.

Objective

The objective of this audit was to determine whether the BBPO has adequate controls over its inventory of computers and related equipment.

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 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 objective. 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 audit scope was July 1, 2016, through January 31, 2018. Please refer to the Detailed Scope and Methodology at the end of this report for specific procedures and tests that were conducted.

Discussion of Audit Results with the BBPO

The matters covered in this report were discussed with BBPO officials during and at the conclusion of this audit. A preliminary draft report was sent to the BBPO and discussed at an exit conference held on October 17, 2018. On October 31, 2018 we submitted a draft report to the BBPO with a request for comments. We received a written response from the BBPO on November 13, 2018. In its response, the BBPO agreed with two recommendations—that it ensure that tag numbers are sequentially assigned and that annual inventory counts are conducted and documented. The BBPO partially agreed with one recommendation—that it regularly review, reconcile and update its inventory records—and disagreed with one recommendation, specifically, that it ensure that key tasks related to the inventory of computers and related equipment are adequately segregated because the BBPO contends that those responsibilities are already adequately segregated.

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

FINDINGS AND RECOMMENDATIONS

The BBPO's controls over its computers and related equipment (also collectively referred to as computer items) need improvement. We were able to locate 48 (96 percent) of the 50 sampled computer items—according to the BBPO, 2 sampled items were stolen. We also found that information on the BBPO's master inventory list for the sampled items was generally accurate. However, we found that three sampled items were in locations different than the ones listed in the records and three sampled items were recorded with incorrect model or serial numbers. We also found another eight items with model or serial numbers that did not reconcile with the numbers recorded in the records; however, the discrepancies affecting those eight items (e.g., a serial number missing one of its 15 digits) appeared to be due to a careless recording of the numbers. In addition, although the BBPO uses sequential, pre-numbered property tags to account for its equipment, the BBPO could not account for 1,608 of 4,363 tag numbers (37 percent). In the absence of an accounting or a verifiable explanation for why those tag numbers were missing from the BBPO's inventory records, we were unable to ascertain whether they had been assigned to equipment that was not listed in the BBPO's inventory records or whether they had been skipped, that is, never issued or used by the BBPO. The audit also found that the BBPO does not maintain an adequate segregation of duties in relation to its computers and related equipment management. Finally, although BBPO officials informed us that they conduct inventory counts at least once each year, they were unable to provide evidence of the counts. Consequently, we could not corroborate their assertion.

The BBPO's Inventory Records Contained Some Inaccuracies

Section 28 of the New York City Department of Investigation's *Standards for Inventory Control and Management* (DOI Standards) requires that,

Permanent records . . . [should be] 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.

As stated in the *Financial Integrity Statement Checklist*, issued under Comptroller's Directive #1, *Principles of Internal Control*,

inventory items require strong controls to ensure accurate record keeping and good security . . . detailed records [are] maintained for supplies and non-capital assets . . . positive identification is used to identify . . . equipment.

We obtained an equipment inventory list from the BBPO on January 31, 2018, which consisted of 682 items, including computers, printers, laptops, and iPads. We randomly selected 50 computer related items from the master inventory list to determine whether they were located at the locations listed. We obtained an updated list from the BBPO on April 13, 2018.

We were able to locate 48 of the 50 items selected from the January 31, 2018 list. We were unable to locate two computers—a Sony laptop and a MacBook Pro. We were informed by a BBPO official that the laptops were among five laptops that had been stolen from one of the offices. The BBPO provided us with a police report that was filed in which the BBPO stated that

four Apple MacBook Pro laptops and one SONY laptop were stolen from the Information Technology (IT) Director's office. According to the police report, the IT Director noticed that the items were missing when he returned to work on May 1, 2018 (two weeks after the updated inventory list had been produced to the auditors). In the police report, the BBPO indicated that the total value of the five laptops was \$140. (According to a BBPO official, these items were set to be salvaged.) We also judgmentally selected an additional 21 items from seven locations throughout the BBPO and compared the identifying information from the items to the inventory list and found that all were recorded on the list.

We found that the BBPO's inventory records contained some minor discrepancies with regard to the identifying location of the items and the serial and model numbers. Three items were in locations different than the ones listed in the records. In addition, three items were recorded with either incorrect model or serial numbers. We also identified an additional eight items with model or serial numbers that did not reconcile with the numbers in the records; however, these errors (e.g., a serial number missing 1 of its 15 digits) appeared to be due to careless recording of the numbers. We also physically inspected 5 of the 12 cellphones from the list provided by the BBPO and found that four of the five cellphones were recorded correctly on the BBPO's inventory list. However, an incorrect International Mobile Equipment Identity (IMEI) number was listed for one of the five cellphones.¹

In addition to the items selected for testing, we found the following errors while reviewing the master inventory list:

- Three items were recorded more than once.
- Two different items were listed as being assigned the same tag number.
- One item was listed in the inventory records with an incorrect tag number.

Errors in the agency's inventory records, such as those described above, increase the risk that theft and misappropriation of its computers and related equipment could occur and go undetected.

Unaccounted for Inventory Tags

The DOI Standards state,

Readable, sturdy property identification tags . . . with a sequential control number are assigned and affixed to valuable items. An inventory log containing the internal control number assignments, updated to account for relocation, is maintained.

We found that while the BBPO uses tags with unique sequential numbers, an accounting of those identification tags found in the BBPO's inventory records revealed significant gaps. In addition, the BBPO maintains different inventory lists for electronic equipment and for furniture but uses the same set of tags for both the equipment and the furniture, resulting in inventory tag gaps on both equipment lists. Further, the BBPO has two series of tags for electronic equipment with the same numbers in use: blue tags (currently being used) and gold tags (assigned to older equipment and no longer being assigned). Since only a small number of gold tags were still in use for computers and related equipment, we excluded the gold tags from our analysis. After taking into account all tag numbers recorded in the BBPO's inventory records for computers and related

¹ The IMEI number is a unique 15 digit code assigned to cellular devices that identifies devices within the mobile network.

equipment, furniture, and salvaged items we nevertheless identified 646 gaps in the blue tag numbering sequence. These gaps account for 1,608 missing tag numbers.

According to a BBPO official, the blue tags have been in use for decades and the missing tag numbers are the result of (1) tags becoming worn out, faded, ripped and replaced, (2) tags being removed by visitors to Borough Hall during events, (3) tags on portable items that are damaged and/or removed and (4) the longstanding lack of a City salvage process. We asked whether the BBPO maintains records of tags that are replaced and we were informed that it does not. Further, at the exit conference, BBPO officials reiterated that the tags have been in place for decades, adding that most of the missing tags were used for furniture because the BBPO does not purchase a lot of equipment. Our review found that the missing tags were more prevalent in the lower sequence of tag numbers (meaning that they were not among the more recently assigned tag numbers), though we also identified missing tags within the higher sequence of numbers. Regardless of when the tags were issued, however, we are unable to identify when the gaps surfaced and are therefore unable to ascertain to what degree the gaps existed when the current administration assumed control in January 2014. Failure to properly track sequential property tag numbers, especially in instances where tags are removed and replaced, nullifies the function of identification tags as a control mechanism. In the absence of adequate recordkeeping and assignment of sequential tag numbers, it is difficult for the BBPO to monitor, track, and account for all computers and related equipment. In addition, the risk that computers and related equipment could be stolen or lost without detection is increased.

Lack of Segregation of Duties with Regard to Control over Inventory Records, Tagging and Physical Inventory Counts

According to Comptroller's Directive #1, *Principles of Internal Control*,

Key duties and responsibilities need to be divided or segregated among different staff members to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets."

In addition, the United States General Accounting Office's *Executive Guide, Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property* states that,

adequate segregation of duties for the physical count process includes using personnel who do not have overlapping responsibilities in (1) custody or access to the inventory items for count, (2) recording transactions resulting from the count, and (3) authority for approving adjustments resulting from the count.

Our review and observations disclosed that the individual responsible for maintaining the master inventory list performed other key inventory-related tasks. Specifically, she has access to the pre-numbered inventory tags and is responsible for affixing the tag numbers to the items, updating the inventory records, conducting the annual inventory count and making adjustments based on the results of the count. The BBPO has not established any compensating controls (e.g., increased reviews of transactions at the supervisory or managerial level) to reduce the risk associated with the lack of segregation of duties.

This lack of segregation of duties combined with the absence of compensating controls creates an environment where the risk that errors and fraud can occur and go undetected is increased

since key mechanisms that would aid in identifying such instances are under the control of one individual.

No Evidence of Annual Inventory Counts

Section 18 of the DOI Standards requires that “[a] count of all . . . goods is conducted at least once a year to ensure the accuracy of the . . . inventory records.”

BBPO officials stated that they conduct an inventory count once a year and update the inventory list to reflect any changes. However, the BBPO does not maintain any supporting documentation (e.g. count sheets that record the date of the count, persons who performed the count, the items counted, any discrepancies identified, etc.) of the annual counts. Therefore, we are unable to corroborate the BBPO’s claim. Performing and documenting periodic inventory counts is an essential control to help ensure that discrepancies in the records and the physical inventory are promptly identified, investigated and corrected.

Recommendations

1. The BBPO should regularly review, reconcile and update its inventory records to ensure that the information recorded is accurate.
2. The BBPO should ensure that tag numbers are sequentially assigned to all equipment and tracked in cases where tags are damaged and replaced.

BBPO Response: With regard to recommendations #1 and 2, the BBPO stated, “[t]he Office of the Brooklyn Borough President monitors and updates our inventory list throughout the year as is proven by our numerous emails that are sent every time equipment is moved and specifically stated in our Agency Inventory Policy. In addition, we conduct an annual review of agency inventory and our listing is updated and maintained in google docs.” The BBPO also stated that “it is common for inventory tags to be ripped, partially torn, removed, worn out and replaced Hence, we do not maintain a listing of these inventory tags, they are simply replaced. To date we have not had any items missing or unaccounted for in our inventory. Moving forward we will do our best to track these tags.”

The BBPO further stated, “We have purchased a new Inventory Tracking System and brand new tags to maintain only our equipment inventory which will also include bar codes to eliminate any errors in posting tiny serial and/or model numbers on equipment which are usually located in hard to access places.”

Auditor Comment: Contrary to the BBPO’s statement, we were not provided any evidence of updates to the inventory list reflected in emails and we were not provided with an annual inventory review. Our recommendation that the BBPO regularly update its records is based on the fact that we found inaccuracies with regard to the identification of the locations and the serial and model numbers for some sampled items, as well as items that were listed in the inventory more than once. However, the BBPO’s purchase of a new Inventory Tracking System and new tags, along with its tracking of those tags, will, it is hoped, eliminate any tags being unaccounted for and any errors in posting serial and model numbers.

3. The BBPO should ensure that key tasks related to the inventory of computers and related equipment are adequately segregated or should institute compensating controls if a segregation of responsibilities is not feasible. The BBPO should also update its procedures accordingly.

BBPO Response: “The Office of the Brooklyn Borough President definitely segregates all responsibilities related to inventory from the point of authorizations which are provided by management; purchasing which takes place in the Administration Unit; receiving which takes place in the Facilities Department; IT maintenance which takes place in the IT Department; tagging which takes place with IT and Administration; and finally the maintenance and updating of Agency Inventory list which is the responsibility of the Inventory/Salvage Officer. In addition the IT department maintains a separate accounting list of all computers to track moves, separate and apart from the Agency Inventory List. New tags are located in a locked file cabinet and the key is kept by the Deputy to the Chief Administrative Officer. In addition it should be noted the Chief Administrative Officer monitors the entire Inventory Process and list. In total at least nine (9) staffers are included in the entire process.”

Auditor Comment: As stated in the audit report, the Inventory/Salvage Officer referred to in the BBPO’s response has overlapping responsibilities: she has access to the pre-numbered inventory tags, affixes tags to the items, updates the inventory records, conducts the annual inventory count, and makes count adjustments. Although the BBPO states that the Chief Administrative Officer monitors the entire process, the BBPO provided no evidence of compensating controls to reduce the risk associated with the lack of segregation of duties, such as supervisory sign-off on inventory count results and associated inventory adjustments. In fact, as discussed below, no evidence of inventory counts was provided. In the absence of evidence of compensating controls, we have no basis to alter this recommendation or the associated finding.

4. The BBPO should ensure that annual inventory counts are conducted and documented.

BBPO Response: “The Office of the Brooklyn Borough President conducts annual inventory counts which are documented in our google doc system and also proven in the fact of all equipment being accounted for with the exception of some old and broken items, which valued \$140 that were slated to be salvaged but were stolen. . . . Moving forward and with our new Inventory System we will maintain annual reports reflecting updates.”

Auditor Comment: Although the BBPO asserts that it conducts annual inventory counts, the agency provided no evidence (in Google Docs or elsewhere) that they are being conducted. In addition, we cannot attest to all equipment being accounted for because testing was done on a sample basis and there were significant gaps in the identification tag numbers. However, the BBPO indicated that moving forward it plans to maintain evidence of annual inventory counts.

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 objective. 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 audit scope was July 1, 2016, through January 31, 2018.

We reviewed and used as criteria:

- Comptroller's Directive #1, *Principles of Internal Control*;
- DOI's *Standards for Inventory Control and Management*;
- the BBPO's Computer Equipment Inventory – Salvage Policy dated September 2016; and
- The Office of Surplus Activities' Policies and Procedures concerning relinquished items.

To understand how the BBPO maintains and accounts for its inventory of computers and related equipment we conducted interviews with the BBPO's Chief Administrative Officer and her Special Assistant. We also conducted interviews with the Director of IT and two Purchasing Unit staff to gain a better understanding of the purchasing process for computers and related equipment. In addition, we reviewed a prior audit conducted by our office, *Audit Report on the Financial and Operating Practices of the Office of the Brooklyn Borough President*. (MG07-114A, issued May 21, 2008).

To determine whether the population recorded in the BBPO's inventory records was accurate and whether we could rely on those records, we performed inventory counts for a sample of the BBPO's computers and related equipment. To determine the total population of the BBPO computers and related equipment, we reviewed the following documentation:

- the BBPO's inventory listing of computers and related equipment provided January 31, 2018 as well as their most recent list dated April 13, 2018.
- the BBPO's cellphone listing provided on March 20, 2018 showing the names of staff to whom the phones were assigned, including the IMEI for each device; and
- the BBPO's purchasing documents for computers and related equipment for the period July 1, 2016 through April 5, 2018.

The BBPO provided an Excel inventory list that was organized in separate tabs based on the floor where the item is located, with the exception of iPads, which are listed together on a separate tab. We combined the tabs and determined the BBPO's equipment inventory to be 682 items. To evaluate the accuracy and completeness of the BBPO inventory list dated January 31, 2018, we analyzed critical identifying information on the equipment, such as make, model, tag number and serial number.

We visited the BBPO to perform inventory related tests on the following dates: April 11, May 16 and June 6, 2018. To determine whether the BBPO's inventory listing of computers and related items was accurate and complete, we traced 50 sampled computer items from the master

inventory list to the physical items to determine whether the items could be located and the information recorded for the equipment on the list matched the information on the equipment. We also judgmentally selected 21 items to trace from the physical item to the master inventory list to determine whether they were accurately recorded and accounted for in the inventory records. In total, we reviewed a sample of 71 items.

In addition, we selected and observed five of the 12 cellphones that were assigned to the BBPO staff and compared the cellphone's make, model, telephone number and IMEI number with the information recorded in the cellphone inventory list.

To determine whether the BBPO was able to account for all of its property identification tags, we combined the BBPO's inventory records for computers and related equipment, furniture, and salvaged items into one list containing all of the assigned tag numbers. We then reviewed the list and the agency's sheets of unassigned tag numbers. We checked for gaps in the sequential tag numbering and identified any missing tag numbers.

To determine whether the BBPO's cellphone inventory listing contained all of the cellphones currently assigned to the BBPO staff, we reviewed DoITT's phone bills detailing all of the mobile devices assigned to the BBPO for the months of March and April 2018. In addition, we requested from the BBPO, all of the phone numbers for any iPads that were assigned to the BBPO staff and reviewed the bills to determine whether the BBPO was being appropriately billed for cellphones or iPads.

To determine whether newly purchased computers and related equipment were recorded on the inventory list, we judgmentally selected a sample of 12 of 22 computer related purchase orders for three vendors for the period July 1, 2016 through April 5, 2018 (the date we generated the list of purchases). Using the identifying information from the invoices, we determined whether the items were appropriately added to the inventory list.

The results of the above tests, while not projectable to their respective populations, provided a reasonable basis for us to evaluate the BBPO's controls over the management of computers and related equipment.



OFFICE OF THE BROOKLYN BOROUGH PRESIDENT

November 13, 2018

Ms. Marjorie Landa
Deputy Comptroller for Audit
Office of the Comptroller
Scott M. Stringer
Municipal Building
1 Centre Street – Room 1100
New York, New York 10007

**RE: Audit Report on Brooklyn Borough President's
Office's Controls over Its Inventory of Computers
and Related Equipment - MD18-100A**

Dear Ms. Landa:

Attached please find our agency responses to the Audit Report we received on October 31, 2018.

Feel free to contact me if you have any questions at 718-802-4095.

Sincerely,

A handwritten signature in blue ink, which appears to read "Melody Ruiz".

Melody Ruiz
Chief Administrative Officer

OFFICE OF THE BROOKLYN BOROUGH PRESIDENT
AUDIT RESPONSE

In response to recommendation #1: The Office of the Brooklyn Borough President monitors and updates our inventory list throughout the year as is proven by our numerous emails that are sent every time equipment is moved and specifically stated in our Agency Inventory Policy. In addition, we conduct an annual review of agency inventory and our listing is updated and maintained in google docs. Due to the large number of events continuously taking place at Borough Hall it is common for inventory tags to be ripped, partially torn, removed, worn out and replaced. In addition, portable items i.e. chairs, furniture, equipment are moved around and used outside and in the field where inventory tags are damaged and removed. Hence, we do not maintain a listing of these inventory tags they are simply replaced. To date we have not had any items missing or unaccounted for in our inventory. Moving forward we will do our best to track these tags.

In response to recommendation #2: The Office of the Brooklyn Borough President's current blue tags were purchased several decades ago and have been in use since then. Inventory tags have been and continue to be assigned sequentially to all items which include equipment and furniture. All inventory is tagged with one set of tags which also include items which may have been salvaged and/or sold through NYC's Surplus Auction. For these reasons the gaps in inventory tags exist. In addition according to the NYC Department of Records we are only required to keep records on salvaged/auction items for 2 years. To date we have yet to receive a response from the Comptroller's as to whether or not furniture is audited. We have purchased a new Inventory Tracking System and brand new tags to maintain only our equipment inventory which will also include bar codes to eliminate any errors in posting tiny serial and/or model numbers on equipment which are usually located in hard to access places. It should be noted it took three member of the Comptroller's Audit team to accurately record inventory tag numbers and also asked for the assistance of the BH Inventory/Salvage Officer.

In response to recommendation #3: The Office of the Brooklyn Borough President definitely segregates all responsibilities related to inventory from the point of authorizations which are provided by management; purchasing which takes place in the Administration Unit; receiving which takes place in the Facilities Department; IT maintenance which takes place in the IT Department; tagging which takes place with IT and Administration; and finally the maintenance and updating of Agency Inventory List which is the responsibility of the Inventory/Salvage Officer. In addition the IT department maintains a separate accounting list of all computers to track moves, separate and apart from the Agency Inventory List. New tags are located in a locked file cabinet and the key is kept by the Deputy to the Chief Administrative Officer. In addition it should be noted the Chief Administrative Officer monitors the entire Inventory Process and list. In total at least nine (9) staffers are included in the entire process.

In response to recommendation #4: The Office of the Brooklyn Borough President conducts annual inventory counts which are documented in our google doc system and also proven in the fact of all equipment being accounted for with the exception of some old and broken items, which valued \$140 that were slated to be salvaged but were stolen. A police report substantiating the incident was also provided. As previously mentioned, our office tracks the moves of all equipment throughout the year via our policy which requires emails documenting all moves which take place. Moving forward and with our new Inventory System we will maintain annual reports reflecting updates.