



# City of New York

---

## OFFICE OF THE COMPTROLLER

**Brad Lander**  
**COMPTROLLER**



## **MANAGEMENT AUDIT**

**Maura Hayes-Chaffe**

Deputy Comptroller for Audit

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

MH22-061A

**June 27, 2022**

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BRAD LANDER

June 27, 2022

To the Residents of the City of New York:

My office has audited the New York City (City) Manhattan Borough President's Office (MBPO) to determine whether it has adequate internal controls over its inventory of computers and computer-related equipment. We conduct audits such as this to determine whether agencies adequately safeguard City resources.

This audit found several deficiencies in the MBPO's oversight of its computers and related inventory, such as not maintaining a complete inventory listing, not performing periodic inventory counts, and not storing unissued equipment in a secured area. The MBPO took several actions during the audit to begin rectifying many of the deficiencies identified. Additionally, the MBPO was, with two exceptions, able to account for the computers and related equipment it recently purchased through September 2021.

The audit makes six recommendations, including that the MBPO should create and maintain a comprehensive inventory record that accounts for all computers and computer-related equipment (scanners, mobile devices, etc.) in its possession; perform and document periodic inventory counts; ensure that all newly purchased equipment is immediately tagged upon receipt; establish a secure area in which equipment reserves can be stored; and continue its effort to locate the missing laptops cited in this report.

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

If you have any questions concerning this report, please email my Audit Bureau at [audit@comptroller.nyc.gov](mailto:audit@comptroller.nyc.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "B. Lander".

Brad Lander

# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
Audit Findings and Conclusion .....	1
Audit Recommendations.....	1
Agency Response .....	1
<b>AUDIT REPORT .....</b>	<b>2</b>
Background .....	2
Objective.....	2
Scope and Methodology Statement.....	2
Discussion of Audit Results with the MBPO .....	2
<b>FINDINGS AND RECOMMENDATIONS.....</b>	<b>3</b>
Inadequate Management of Inventory .....	3
Recommendations .....	6
MBPO Generally Accounted for Recently Purchased Items.....	6
Recommendation .....	7
<b>DETAILED SCOPE AND METHODOLOGY.....</b>	<b>8</b>
<b>ADDENDUM</b>	

# THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

## Audit Report on the Manhattan Borough President's Office's Controls over Its Inventory of Computers and Computer-Related Equipment

**MH22-061A**

---

### EXECUTIVE SUMMARY

This audit was conducted to determine whether the New York City (City) Manhattan Borough President's Office (MBPO) has adequate internal controls over its inventory of computers and computer-related equipment.

During Fiscal Year 2021, the MBPO expended \$1,064,565 for Other Than Personal Services (OTPS), of which approximately \$307,445 was related to computers and computer-related equipment.

#### Audit Findings and Conclusion

The MBPO lacked adequate controls over its inventory. The MBPO did not (1) maintain a complete inventory listing, (2) perform periodic inventory counts, (3) immediately tag equipment when received, or (4) store unissued equipment in a secured area. Notwithstanding these deficiencies, the MBPO was generally able to account for the computers and related equipment it recently purchased through September 2021.

Additionally, the MBPO took several actions during the audit—such as drafting a framework for written policies and procedures and consolidating its inventory into a comprehensive list—to begin rectifying several of the deficiencies identified.

#### Audit Recommendations

The audit makes several recommendations that will improve the MBPO's controls over its inventory of computers and computer-related equipment. These appear in the body of this report.

#### Agency Response

The MBPO agreed with the audit's recommendations.

# AUDIT REPORT

## Background

The Borough Presidents are the executive officials of each of New York City's (the City's) five boroughs. Each Borough President is elected to a four-year term by the citizens within the respective borough. Under the auspices of the City Charter, each Borough President is given the authority to: work with the Mayor in preparing the annual executive budget submitted to the City Council and to propose borough budget priorities directly to the Council; review and comment on major land use decisions and propose sites for City facilities within their respective boroughs; monitor and modify the delivery of City services within their boroughs; and to engage in strategic planning for their boroughs.

The Manhattan Borough President maintains two office locations to carry out its functions.

During Fiscal Year 2021, the MBPO expended \$1,064,565 for OTPS, of which approximately \$307,445 was related to computers and computer-related equipment.

## Objective

The objective of this audit was to determine whether the MBPO has adequate internal controls over its inventory of computers and computer-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 objective. 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 scope of this audit was July 1, 2018 through April 8, 2022. 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 with the MBPO

The matters covered in this report were discussed with MBPO officials during and at the conclusion of this audit. A preliminary draft report was sent to the MBPO on May 6, 2022 and discussed with MBPO officials at an exit conference held on May 20, 2022. On May 26, 2022, we submitted a draft report to the MBPO with a request for written comments. We received a written response from the MBPO on June 10, 2022. In its response, the MBPO agreed with all six of the audit's recommendations.

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

## FINDINGS AND RECOMMENDATIONS

The MBPO lacked adequate controls over its inventory. This was largely due to personnel changes at the agency—with the key persons with oversight responsibilities being unfamiliar with conventional inventory control practices—and the absence of policies and procedures developed by the MBPO that address those responsibilities and practices. The MBPO did not maintain a complete listing of all computers and related items in its inventory or an accurate listing of mobile phones currently being used by the agency, did not perform periodic inventory counts, did not immediately tag equipment and add it to inventory when received, and did not store unissued equipment in a secure area. Notwithstanding these deficiencies, the MBPO, with two exceptions, was able to account for the computers and related equipment it recently purchased, covering the period July 2020 through September 2021.

During this audit the MBPO committed to beginning the process of rectifying several of these deficiencies. Some of the actions being taken include drafting a framework for its written policies and procedures; consolidating its inventory into a comprehensive list; and reaching out to the Department of Information Technology and Telecommunications (DoITT) to correct its mobile phone listing.

These issues are discussed in further detail in the following sections of this report.

### Inadequate Management of Inventory

#### *No Comprehensive List of Equipment in Inventory*

According to § 3.1 of the New York City Cyber Command *Citywide Cybersecurity Inventory Policy*, “A Covered Organization shall establish and maintain an accurate and up-to-date inventory of Systems<sup>1</sup>, inventory of Software, inventory of Non-computing Storage Devices, and an inventory of User Accounts for cybersecurity purposes as further refined by the associated policies and standards.”

The MBPO did not maintain a comprehensive and complete record of all computers and related equipment it had in inventory. The MBPO provided auditors with three distinct Excel files, each containing a list of various inventory items. One Excel spreadsheet contained a list of mobile phones and iPads, a second contained a list of inventoried items that had been in MBPO’s possession from prior years that was no longer being updated by the current Information Technology Manager, and a third contained a list of computers and related equipment that were purchased starting in Fiscal Year 2021 that had been issued to staff. Some items that were not issued to staff were not included, and the lists did not contain a field common to all three data sets, i.e., an asset tag or service tag number field that would facilitate the creation of one list that contained no duplicates.

In the absence of an accurate and complete up-to-date record of items in MBPO custody, it is difficult for the MBPO to track and monitor computers and each piece of computer-related equipment. Therefore, the risk that such items may be lost or stolen and go undetected is increased.

---

<sup>1</sup> Systems include servers, laptops, mainframes, portable computing devices, cloud infrastructure, Internet of Things devices, and network appliances.

After discussing this matter with the MBPO, officials stated that they are in process of integrating all inventory information into one comprehensive inventory record.

#### *Mobile Phone Listings Maintained by the MBPO and DoITT Do Not Reconcile*

According to § 2.12 of DoITT's *Citywide Policy on City-Owned Mobile Devices and Service*, "It is the responsibility of the agency to maintain full and accurate records of mobile and wireless devices and assigned users. Agencies are required to maintain complete records of all mobile telephone or wireless device authorization requests, bills, assignments, inventories, reimbursements, and all related correspondence. Agency wireless coordinators are required to immediately notify DoITT, in writing, of any mobile telephone or other wireless device assignment changes."

MBPO provided a list of 47 active mobile devices – 42 mobile phones and 5 iPads – and the corresponding mobile phone service line numbers it reported were assigned to staff. Auditors were able to confirm the location of 46 (98%) of these mobile devices as noted on the MBPO's list. Four phones were found to belong to former MBPO staff who left the agency on December 31, 2021, and currently work at another City agency. MBPO stated that it has since requested that DoITT transfer the associated phones and service line numbers to their current places of employment. The fifth phone was not found and the staff member to whom this phone was assigned stated they had returned the phone two or three years ago, but no documentation was provided to substantiate this.

Auditors also obtained a list from DoITT of all MBPO active service line numbers and the corresponding phones for the period October 2021 through January 2022. A comparison of the MBPO and DoITT lists revealed inaccuracies on both; specifically, the MBPO's records did not include 5 mobile phones and 4 service line numbers that are currently being used, and DoITT's records included 7 phones and 9 service line numbers that are no longer being used by the MBPO. Examples of the discrepancies identified include the following:

- 7 mobile phones associated with 7 service line numbers reflected on DoITT's list were not found on the MBPO's list. Of these, 4 of the phones are being used by the agency and 3 have been destroyed. MBPO subsequently updated its inventory records to add 4 phones and asked DoITT to terminate the remaining 3 service line numbers.
- 3 service line numbers indicated on MBPO's list as terminated were still reflected as active service line numbers on DoITT's list. MBPO officials stated it has since requested that DoITT terminate 2 service line numbers, and 1 service line number was re-assigned to a MBPO staff.

After discussing these and other issues with the MBPO, officials stated that they have reached out to DoITT to rectify the discrepancies between the two lists so that both the MBPO and DoITT have accurate and complete lists of the mobile phones and service line numbers being used by the MBPO.

#### *Periodic Physical Inventory Counts Not Performed*

According to § 6.7 of DoITT's *Operational Handbook for Asset Management*, "The Asset Analyst – Agency or AMRD Unit has the responsibility to conduct a complete physical inventory of all assets at least once every two years." MBPO officials stated that to the best of their knowledge, no periodic inventory counts of computers and related equipment have been conducted.

Conducting periodic inventory counts would help the MBPO ensure that it maintains adequate quantities of inventory items sufficient for operational needs so that items are not purchased unnecessarily, and that all items reported to be in the agency's custody are accounted.

#### *Equipment Is Not Tagged and Added to Inventory Immediately Upon Receipt*

According to § 6.3 of DoITT's *Operational Handbook for Asset Management*, "All hardware IT assets ... with a cost of \$200 or more ... and an estimated useful life of more than two (2) years are required to be tagged with a unique barcoded number."

MBPO officials told auditors that newly purchased computers and related equipment are not tagged prior to storage. The items are tagged when they are distributed to staff, and the tag numbers are subsequently added to the MBPO's current inventory list. Untagged items placed in storage that are not listed in the inventory records are more susceptible to undetected misappropriation and theft.

The audit also identified several gaps in the numbering sequence of the tags that were used. MBPO officials stated that when equipment is tagged, a roll of tag labels is selected at random rather than in sequential number order. Sequentially numbered asset tags facilitate the prompt identification of devices that are unaccounted for based on gaps in tag number sequences.

#### *Unissued Equipment Is Not Stored in a Secured Area*

Section 4.7 of DoITT's *Operational Handbook for Asset Management* requires assets to be stored in a secure location when required. In addition, § 2.1.3 of DCAS' *Citywide Inventory Management Policy* states, "Agencies must designate and maintain one or more storage areas for inventory within Agency possession. Agencies must designate all storage areas and provide proper security to safeguard stored inventory."

On several occasions, auditors observed that the door to the room in which purchased items are stored was open, leaving the room accessible to non-designated inventory personnel. Additionally, auditors observed 21 newly purchased computer monitors (which were not yet tagged) stored in a pile on the floor of a conference room. This conference room was also being used by a non-MBPO affiliated entity.

After discussing this matter with the MBPO, officials stated that it is their intention to carve out a space in their offices to create a larger storage room equipped with surveillance cameras. They did not have a target date for when this would be completed.

#### *No Written Policies and Procedures*

Section 4.3 ("Control Activities") of Comptroller's Directive #1, *Principles of Internal Control*, states, "Internal control activities . . . are, basically, the policies, procedures, techniques, and mechanisms used to enforce management's direction." The Directive also states that internal controls should be documented in management administrative policies or operating manuals.

For the period reviewed, the MBPO had not developed comprehensive written procedures that document the agency's internal controls over its inventory of computers and related equipment. During this audit, personnel created a document that was intended to serve as its policies and procedures. However, the document did not include sufficient details regarding the protocols in place or the responsibilities of staff.



For example, the procedures did not:

- detail how inventory should be handled (e.g., require that all items in MBPO inventory are tracked by location) or the process for temporarily assigning reserve equipment;
- include procedures for conducting periodic inventory counts;
- identify the persons responsible for overseeing the various aspects of the inventory process.

Without adequate written policies and procedures, the MBPO is limited in its ability to ensure that staff are aware of their responsibilities for maintaining the agency's inventory of computers and related equipment and is hindered in its ability to hold staff accountable when procedures are not followed.

## Recommendations

1. The MBPO should create and maintain a comprehensive inventory record that accounts for all computers and computer-related equipment (scanners, mobile devices, etc.) in its possession and ensure that it is updated regularly to reflect all inventory transactions.

**MBPO Response:** The MBPO agreed with this recommendation.

2. The MBPO should perform and document periodic inventory counts and ensure those counts reconcile with the purchasing records.

**MBPO Response:** The MBPO agreed with this recommendation.

3. The MBPO should ensure that all newly purchased equipment is immediately tagged (in sequential tag number order) upon receipt and recorded in the inventory.

**MBPO Response:** The MBPO agreed with this recommendation.

4. The MBPO should establish a secure area in which equipment reserves can be stored that is accessible only to designated inventory personnel.

**MBPO Response:** The MBPO agreed with this recommendation.

5. The MBPO should develop formal written procedures that specify steps to be taken and staff responsibilities related to inventory control.

**MBPO Response:** The MBPO agreed with this recommendation.

## MBPO Generally Accounted for Recently Purchased Items

Section 6.2 of DoITT's *Operational Handbook for Asset Management* requires agencies to verify that the assets in their custody match the invoice upon receipt, and that periodic comparisons are performed between the accounting system data and the repository data to ensure all capital assets are recorded.

Auditors were provided with documentation for computer equipment purchased during Fiscal Year 2019 through September 2021 and an updated inventory record on December 14, 2021. The auditors targeted all items that were purchased during the period of July 1, 2020 to September 27, 2021 and checked to see whether the items were on site at the MBPO offices.

During this period, the MBPO purchased 351<sup>2</sup> computers and related equipment items. Auditors were able to confirm the location of 349 (99%) of these items:

- 333 were observed on site, which included 2 items that had asset tag numbers and serial numbers the auditors could not verify due to their placement.
- 10 were documented as being issued to various Manhattan Community Boards.
- 6 were off-site (e.g., at employees' homes). For these items, auditors received a photo image of the equipment that clearly captured the devices' serial and service tag numbers, and the agency's asset tag number/barcode.

The MBPO was unable to produce two Dell laptops purchased on May 1, 2021, at a total cost of \$2,550, that were issued to two interns who no longer work at the MBPO. Officials stated that they are currently attempting to locate and retrieve these laptops.

## Recommendation

6. The MBPO should continue its effort to locate the two missing Dell laptops cited in this report, report any unresolved discrepancies to the appropriate investigative authorities (e.g., the City's Department of Investigation), and update its inventory records as appropriate.

**MBPO Response:** The MBPO agreed with this recommendation.

---

<sup>2</sup> Purchase documents reflect that there were 377 computers and related equipment purchased. However, for purposes of the inventory count, miscellaneous accessories such as mice, cables, cords, etc., were excluded. Therefore, 351 items remained, which was the basis for the 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 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 audit scope was July 1, 2018 through April 8, 2022 (the last date evidentiary records were received from MBPO).

To obtain an understanding of the MBPO's internal controls governing its computers and related equipment, the following materials were reviewed and, where applicable, used as criteria:

- New York City Comptroller's Directive # 1, *Principles of Internal Control*;
- New York City Comptroller's Directive # 30, *Capital Assets*;
- DCAS' Citywide Inventory Management Policy, Effective date July 1, 2019;
- DoITT's *Operational Handbook for Asset Management, as of September 29, 2016*;
- DoITT's *Citywide Policy on City-Owned Mobile Devices and Service, as of July 23, 2015*;
- New York City Cyber Command's *Citywide Cybersecurity Inventory Policy*; and
- United States General Accounting Office (GAO), *Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property, as of March 2002*.

To obtain an understanding of the MBPO's organizational structure and the various roles and responsibilities of the personnel involved with its inventory, auditors reviewed the agency's organizational chart and interviewed the Director of Human Resources, the Information Technology (IT) Manager, the Budget and Purchasing Manager, and the Facilities/IT Coordinator.

Auditors obtained and reviewed spreadsheets that MBPO officials indicated represented the population of inventoried items maintained by the agency. Auditors received an Excel spreadsheet dated August 2021 of their Fiscal Year 2021 master inventory list of 313 computers and related equipment, a spreadsheet maintained by a prior IT Manager that listed 2,018 inventoried computers and related equipment (however, officials stated that the vast majority of items listed has since been disposed), and a spreadsheet listing 53 mobile devices and iPads. The three lists did not contain a field (e.g., tag number, serial number) common to all three so auditors were unable to perform a reconciliation to compile a comprehensive list without duplicates.

Auditors obtained the hardcopy purchase documents for all computer and related purchases made in Fiscal Year 2019 through September 2021. There was a total of 44 purchase orders and 66 invoices valued at \$363,083 for computer and related items purchased during the three-year, three-month period.

To ascertain the accuracy and completeness of the purchase documents obtained from the MBPO for Fiscal Year 2021, auditors retrieved the spending transactions for the MBPO reported

in Checkbook NYC for the reviewed period and reconciled the information with the documents obtained from the MBPO.

To ensure that all items that were newly purchased by the MBPO were included in the auditors' counts, the MBPO's most current inventory list as of December 2021 was obtained, which contained 351 computers and related items (e.g., printers, monitors).

To assess the list's completeness, Audit Command Language fields were checked for missing data and duplicates within the asset tags, serial numbers, and service tags columns. In addition, the items in the December 2021 inventory list were traced to the information indicated in the purchase documents and the information in the purchasing documents was vouched to the items' information in the December inventory list.

To determine whether all the newly purchased computers and related items were accounted for, auditors performed an inventory count at both of the MBPO locations on January 26, 2022. For items that were off-site (e.g., at employees' homes), auditors received a photo image of the equipment that clearly captured the devices' serial and service tag numbers, and the agency's asset tag number/barcode. Any discrepancies found were followed up and discussed with MBPO officials.

Auditors obtained from DoITT a record of the mobile devices assigned to the MBPO for the months of October 2021 through January 2022 and compared that list to the one provided by the MBPO to determine whether the MBPO list contained all devices currently assigned to staff. Documentation was obtained and reviewed to address the discrepancies found between the two lists; discrepancies were discussed with MBPO officials.

The collective results of all the tests done provide sufficient, competent evidence to support the audit's findings and conclusions regarding MBPO's controls over its inventory of computers and computer-related equipment.



OFFICE OF THE PRESIDENT  
BOROUGH OF MANHATTAN  
THE CITY OF NEW YORK

1 Centre Street, 19th floor, New York, NY 10007  
(212) 669-8300 p (212) 669-4306 f  
431 West 125th Street, New York, NY 10027  
(212) 531-1609 p (212) 531-4615 f  
[www.manhattanbp.nyc.gov](http://www.manhattanbp.nyc.gov)

Mark D. Levine, Borough President

June 10, 2022

**By Electronic Mail**

Maura Hayes-Chaffe  
Deputy Comptroller for Audit  
NYC Office of the Comptroller  
1 Centre Street, 11<sup>th</sup> Floor  
New York, NY 10007

**Re: Audit Report on the Manhattan Borough President's Office's Controls over Its Inventory of Computer and Computer-Related Equipment-- MH22-061A**

Dear Maura Hayes-Chaffe:

The Manhattan Borough President's Office (MBPO) has reviewed the draft report of your recent audit. Please accept this as confirmation that the MBPO agrees with the six (6) recommendations as listed below.

- 1. The MBPO should create and maintain a comprehensive inventory record that accounts for all computers and computer-related equipment (scanners, mobile devices, etc.) in its possession and ensure that it is updated regularly to reflect all inventory transactions.**
- 2. The MBPO should perform, and document periodic inventory counts and ensure those counts reconcile with the purchasing records.**
- 3. The MBPO should ensure that all newly purchased equipment is immediately tagged (in sequential tag number order) upon receipt and recorded in the inventory.**
- 4. The MBPO should establish a secure area in which equipment reserves can be stored that is accessible only to designated inventory personnel.**
- 5. The MBPO should develop formal written procedures that specify steps to be taken and staff responsibilities related to inventory control.**
- 6. The MBPO should continue its effort to locate the two missing Dell laptops cited in this report, report any unresolved discrepancies to the appropriate investigative authorities (e.g., the City's Department of Investigation), and update its inventory records as appropriate.**

If further information is required, please feel free to email. On behalf of the MBPO I would like to thank your staff for their professional and congenial nature as they conducted the audit.

Sincerely,

Deirdre Lyles  
Director, Human Resources/Audit Liaison