



# City of New York

## OFFICE OF THE COMPTROLLER

**John C. Liu**  
**COMPTROLLER**



## MANAGEMENT AUDIT

**Tina Kim**

Deputy Comptroller for Audit

Audit Report on the  
Independent Budget Office's  
Response to Information Requests

MJ12-117A

January 18, 2013

<http://comptroller.nyc.gov>



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OFFICE OF THE COMPTROLLER  
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NEW YORK, N.Y. 10007-2341

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John C. Liu  
COMPTROLLER

January 18, 2013

**Dear Residents of the City of New York:**

My office has audited the Independent Budget Office's (IBO) efforts to respond to constituent requests for information. We conduct audits such as this as a means of ensuring that the goals and missions of City entities are being met in an efficient manner.

This audit concluded that IBO has adequate procedures in place to communicate management objectives and goals governing external information requests to its staff. Further, it has adequate controls and procedures in place that address the handling and processing of major requests that are undertaken on a project basis and require significant time and staff resources. However, because IBO does not maintain records of all of the information requests it receives, there was limited evidence available for testing to obtain assurance that all information requests received from external parties are addressed and responded to promptly.

To address this issue, the audit recommended that IBO: (1) implement a mechanism to comprehensively log all external requests for information and track them from initiation to completion, and (2) consider establishing a formal measurement to track and evaluate performance statistics relevant to external information requests to enhance accountability and assist management to better assess the effective and efficient use of its staff in addressing such requests.

The results of the audit have been discussed with IBO 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 email my Audit Bureau at [audit@comptroller.nyc.gov](mailto: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 Independent Budget Office's Response to Information Requests

MJ12-117A

### AUDIT REPORT IN BRIEF

This audit determined the adequacy of the New York City Independent Budget Office's (IBO) efforts to respond to constituent requests for information.

IBO is a publicly-funded agency established to enhance the understanding of and to provide non-partisan information about the City's budget and other fiscal matters. IBO publishes three City Charter-mandated reports each year along with other reports and publications related to City revenues, expenditures, and financial management practices. IBO also responds to a wide range of questions and requests from external parties for information, research, and analysis on the City budget and related matters. IBO classifies these requests as either major requests or minor requests based on the amount of research and analysis required and staff resources involved. Major requests generally involve in-depth research and analysis requiring several weeks or even months to complete and may result in a published report. Minor requests are generally straightforward and involve little research and time to address.

### Audit Findings and Conclusions

This audit concluded that IBO has adequate procedures in place to communicate management objectives and goals governing external information requests to its staff. Further, it has adequate controls and procedures in place that address the handling and processing of major requests that are undertaken on a project basis and require significant time and staff resources. However, because IBO does not maintain records of all of the information requests it receives, there was limited evidence available to test to obtain assurance that all information requests received from external parties are addressed and responded to promptly. IBO's lack of a mechanism to track information requests limits IBO management's ability to assess the overall effective and efficient use of its staff resources in responding to such requests.

### Audit Recommendations

To address these weaknesses, the audit recommended that IBO should: (1) implement a mechanism to comprehensively log all external requests for information and track them from initiation to completion, and (2) consider establishing a formal measurement to track and evaluate performance statistics relevant to external information requests to enhance accountability and assist management to better assess the effective and efficient use of its staff in addressing such requests.

## Agency Response

IBO disagreed with the audit's two recommendations. After carefully reviewing IBO's arguments, we respectfully disagree with IBO's position and stand by our findings.

# INTRODUCTION

## Background

The New York City Independent Budget Office (IBO) is a publicly-funded agency established to enhance the understanding of the New York City budget by the public and its elected officials. IBO's primary role is to provide non-partisan information about the City budget and tax revenues. IBO publishes three City Charter-mandated reports<sup>1</sup> each year along with other reports and publications<sup>2</sup> that address matters related to City revenues, expenditures, and financial management practices.

IBO also responds to a wide range of questions and requests for information, research, and analysis on the City budget, the local economy, budgetary, tax, or economic issues from elected officials, community boards, civic groups, academics, the media, and others. IBO classifies these requests as either major requests or minor requests based on the amount of research and analysis required and time and staff resources involved. Major requests generally involve in-depth research and analysis requiring several weeks or even months to complete and may result in a published report. Minor requests are generally straightforward and involve little research and time to address.

IBO directly receives requests from external parties by phone, email, and fax. Some requests are made in letter correspondence generally addressed to the IBO Director, Chief of Staff, or other senior staff member. Most external requests, whether major or minor, are received by IBO analytical staff, including a Deputy Director, Supervisory Analysts, Budget Analysts, and Economists. All parties are allowed to answer questions of a minor nature (minor requests). Major requests requiring a greater commitment of resources may be more formally addressed.

To carry out its mission, IBO's Fiscal Year 2012 adopted budget provided \$4.5 million, including \$3.6 million in personal service (PS) for up to 35 full-time employees and nearly \$900,000 for other than personal services (OTPS) costs.

## Objective

The objective of this audit was to determine the adequacy of IBO's efforts to respond to constituent requests for information

## Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards, except for matters concerning organizational independence as noted below. 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 except for the lack of sufficient appropriate evidence to determine the population of information requests. This restricted our objective as noted below. 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.

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<sup>1</sup> The three annual Charter-mandated reports include: (1) *Fiscal Outlook*, published on or before February 1 each year; (2) *Analysis of the Mayor's Preliminary Budget*, published on or before March 15 each year, and (3) *Analysis of the Mayor's Executive Budget*, which is issued on or before May 15 each year.

<sup>2</sup> Other IBO publications include fiscal briefs, fiscal impact statements for proposed legislation, and other reports, all of which are available on IBO's website.



*Organizational Independence.* In accordance with Chapter 11 §259 (d) of the City Charter, the IBO Advisory Committee consists of 10 members appointed jointly by the City Comptroller and the Public Advocate for five-year staggered terms. The Advisory Board's primary role is to screen and recommend candidates for IBO director and candidates to fill Advisory Board vacancies. The Comptroller's appointees were not involved in planning or conducting this audit or in writing or reviewing the audit report.

*Lack of Sufficient Appropriate Evidence.* IBO was unable to provide the population of all (major and minor) information requests for the period under review because it does not maintain such records. To achieve our audit objective, we focused our tests on reviewing and ascertaining the adequacy of the procedures and controls that IBO established for addressing information requests from external parties.

The scope of our audit initially covered Fiscal Years 2011 and 2012, but due to the evidential matter issue, was later modified to Fiscal Year 2012 to address IBO's current procedures and operations regarding its responses to information requests. Our objective did not include an assessment of the qualitative content of the information provided by IBO to its external customers. Please refer to the Detailed Scope and Methodology section 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 IBO officials during and at the conclusion of this audit. A preliminary draft report was sent to IBO officials on November 19, 2012, and discussed at an exit conference held on December 4, 2012. We submitted a draft report to IBO officials on December 17, 2012, with a request for comments. On January 2, 2013, we received a written response from IBO in which it disagreed with the audit's recommendations.

Based on the information discussed herein, we respectfully disagree with IBO's position. It is our hope, however, that IBO will reconsider the audit's recommendations in the spirit in which they were made. That is, to assist management in enhancing the efficient and effective use of agency personnel resources and providing for greater accountability and the measurement thereof.

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

## FINDINGS AND RECOMMENDATIONS

IBO has adequate procedures in place to communicate management objectives and goals governing external information requests to its staff. Further, it has adequate controls and procedures in place that address the handling and processing of major requests that are undertaken on a project basis and require significant time and staff resources. However, because IBO does not maintain records of *all* of the information requests (both major and minor) it receives, there was limited evidence available to test to obtain assurance that all information requests received from external parties are addressed and responded to promptly. IBO's lack of a mechanism to track information requests limits IBO management's ability to assess the overall effective and efficient use of its staff resources in responding to such requests.

### IBO Does Not Maintain a Comprehensive Record of All Information Requests

IBO does not track or maintain a comprehensive record of *all* information requests (both major and minor) it receives from external parties. It maintains a list of current research projects, including internally initiated projects and some, but not all, major requests (from external parties) undertaken by the agency. Minor requests received by IBO analytical personnel either by phone, fax, or e-mail are also not tracked nor are they required to be.

Comptroller's Directive #1, Principles of Internal Control, states: "Internal control activities . . . should exist at all levels and functions of an agency. They include . . . the creation and maintenance of related records that provide evidence of the execution of these activities [§ 4.3] . . . Management requires both operational and financial data to determine whether they are meeting their agencies' strategic and annual performance plans as well as achieving their goals for the effective and efficient use of resources [§ 4.4]."

Most external requests, whether major or minor, are received primarily by the analytical staff, including a Deputy Director, four Supervisory Analysts, 15 Budget (or Labor) Analysts, and four Economists. Some requests are sent in a letter generally addressed to the IBO Director, Chief of Staff, or other senior staff member. According to officials, IBO's operations are somewhat informal. All parties are allowed to answer questions of a minor nature (minor requests). However, if a staff level analyst receives a request from certain constituencies (i.e., an elected official's office or the media), the analyst must inform his/her team leader, the Deputy Director, or other senior staff member.

There is ongoing communication between staff and management and supervisory oversight of staff analysts. However, only those major requests that are undertaken on a project basis, which will take multiple weeks or months to complete, are formally logged and tracked. Analysts are not required to maintain individual logs or a record of the requests they each receive. For those major requests that are undertaken on a project basis and are formally tracked, the assigned analyst(s) must prepare a scoping memo outlining benchmarks for the project and an estimated timeframe needed to complete the project or prepare a response either in the form of a report, letter, or memo and submit it to senior management. Subsequently, the analyst will prepare status updates for the Deputy Director, which are discussed at periodic staff meetings.

The Deputy Director maintains an electronic (Excel) spreadsheet that is used to track the more complex projects (initiated internally or because of an external request). However, the spreadsheet did not contain information necessary for us to assess IBO's promptness in completing projects associated with external requests. IBO officials stated that the purpose of the project tracking spreadsheet is to monitor the current status of ongoing projects so that



management knows what its analysts are currently working on. Further, analysts did not consistently retain their weekly progress reports. Consequently, there was insufficient evidence from which we could measure and assess whether they were completed or in the process of being completed in line with the related analysts' project plans. However, because of the close oversight of these projects and frequent interaction between staff and management, we determined that adequate controls exist over these project-based requests. At the exit conference, the Deputy Director stated that he maintains copies of all the progress reports. Notwithstanding, because the project-based requests represent only a portion of all requests responded to by IBO overall, we did not pursue further testing in this area.

During the audit, IBO officials stated that, in the past, they had attempted to require their analysts to track all information requests. However, the attempt became too cumbersome and took time away from completing projects. Therefore, it was terminated. In July 2011, IBO hired an external consultant to conduct a telephone survey of a representative sample of its customers to obtain a deeper "understanding of how well it serves various constituencies" and "to identify strategies that would increase the utility and accessibility of their work products and improve customer satisfaction." In summary, the consultant's report concluded that the general perception of IBO among respondents was positive as was the value of the agency's work. While this survey provided IBO good customer and strategic feedback, IBO management could provide itself with ongoing assessment of its responsiveness to its customers and utilization of its resources by adequately tracking all external information requests.

For audit purposes, IBO officials surveyed their staff, asking the quantity of minor information requests received by each analyst from May 1–June 1, 2012. IBO management's survey showed that, on average, 6.6 requests (ranging from one to 27 requests) were received by 22 staff members (including senior management and analytical staff) during that month.

More than two-thirds (24 of 35) of the agency's employees are part of its analytical staff. According to IBO's Chief of Staff, approximately one-third of the analytical staff's work load involves addressing external requests, one-third involves the agency's mandated annual reports, and the remaining third involves other reports and/or studies. In monetary terms, in Fiscal Year 2012, on average, nearly 23 percent (or \$814,629) of IBO's personal services budget was expended on analytical staff addressing and responding to external information requests.<sup>3</sup>

If designed appropriately, IBO could require its analysts to easily track *all* information requests (both major and minor) received and the time to respond to each request. This information would provide agency management with key data useful in measuring the effective and efficient use of its personnel resources. Conversely, by not maintaining a record of external requests, the likelihood exists that requests could be overlooked and go unaddressed.

## Recommendations

IBO should:

1. Implement a mechanism to comprehensively log all external requests for information and track them from initiation to completion. At minimum, the mechanism adopted should include the date of the request, the party making the request, type of request (major or minor), date responded, analyst assigned, and any other information deemed useful by management to effectively track and assess the agency's performance in responding to external requests.

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<sup>3</sup> Calculated as one-third of the portion of IBO's FY 2012 PS budget apportioned to analytical staff or 0.33 [(\$3.6 million) x (24/35)] = 0.33 (\$3.6 million x 0.6857) = 0.33 x \$2,468,571 = \$814,629

2. Consider establishing a formal measurement to track and evaluate performance statistics relevant to external information requests to enhance accountability and assist management to better assess the effective and efficient use of its staff in addressing such requests.

**IBO Response:** IBO disagreed with both of the audit’s recommendations, stating: “We do not believe that implementing the recommendations made to address the findings would in any way improve or benefit IBO’s performance. . . . The draft audit suggests we incorporate a tracking system for minor requests. IBO noted on multiple occasions during the audit process that we had required minor requests to be tracked in the past and found it to be unnecessarily bureaucratic for a small agency and actually counterproductive. Moreover, the tracking failed to provide us with any value-added information for management purposes. As a result we discontinued it a number of years ago.”

**Auditor Comment:** We disagree with IBO’s perspective and encourage it to reconsider the recommendations. At the exit conference, IBO officials stated that the agency’s past attempt to track information requests had been unsuccessful primarily because analysts were overly detailed and lengthy in the manner in which they recorded each request. Given these circumstances, it is understandable that IBO’s former attempts were “counterproductive.” If, however, IBO designed a more simplified tracking system uniform for all users then *all* information requests (both major and minor) could be more easily tracked by IBO management from cradle to grave. Consequently, the agency could more effectively and efficiently track and measure the use of its personnel resources in addressing such requests. Accordingly, we reaffirm our recommendations.

## DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards except for matters concerning organizational independence as noted below. 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.

*Organizational Independence.* In accordance with Chapter 11 §259 (d) of the City Charter, the IBO Advisory Committee consists of 10 members appointed jointly by the City Comptroller and the Public Advocate for five-year staggered terms. The Advisory Board's primary role is to screen and recommend candidates for IBO director and candidates to fill Advisory Board vacancies. The Comptroller's appointees were not involved in planning or conducting this audit or in writing or reviewing the audit report.

*Lack of Sufficient Appropriate Evidence.* IBO was unable to provide the population of all (major and minor) information requests for the period under review because it does not maintain such records. To achieve our audit objective, we focused our tests on reviewing and ascertaining the adequacy of the procedures and controls that IBO established for addressing information requests from external parties.

The scope of our audit initially covered Fiscal Years 2011 and 2012, but due to the evidential matter issue, was later modified to Fiscal Year 2012 to address IBO's current procedures and operations regarding its responses to information requests. Our objective did not include an assessment of the qualitative content of the information provided by IBO to its external customers. To accomplish our objectives, we performed the audit procedures discussed below.

To familiarize ourselves with IBO's mandate, we reviewed Chapter 11, §260 of the City Charter along with relevant materials obtained from the IBO's website and other sources. To evaluate IBO's internal controls pertaining to the processing of and response to information requests, we interviewed IBO officials, conducted a walk-through of relevant processes, and examined related documents. We documented our understanding of IBO's procedures, controls, and processes for responding to information requests in a flow diagram, which we submitted to IBO officials for review and management agreement (sign-off). We also reviewed relevant sections of IBO's Staff Manual (updated September 2010) that address the agency's process for responding to requests for information. These materials, along with Comptroller's Internal Control and Accountability Directive #1 "Principles of Internal Control," were used as audit criteria.

With regard to major requests, IBO provided us with a project tracking spreadsheet. We evaluated the quality of information recorded therein and attempted to assess the timeliness in processing the listed projects. We also reviewed samples of biweekly staff meeting agendas, analysts' project plans, and weekly status reports for those project-based major requests that are tracked. Regarding minor information requests, because IBO did not maintain records of such requests, we designed an alternative test to obtain some measure of IBO's handling of them. Specifically, we drafted 10 information requests addressing various budget-related topics covering IBO's four specialized areas: (1) social and community services; (2) economics and taxes; (3) housing, environment, and infrastructure; and (4) education. Between June 26 and

July 23, 2012, we submitted these requests to IBO and ascertained the promptness and sufficiency of the agency's response.

Further, we reviewed a report entitled, *"How We're Doing" An Assessment of How Well the IBO is Serving Its Customers* issued in November 2011 by an external consultant hired by IBO to conduct a telephone survey of a representative sample of its customers to obtain customer feedback regarding their satisfaction and the value of IBO's services.



Ronnie Lowenstein  
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ADDENDUM  
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December 31, 2012

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

Dear Deputy Comptroller Kim:

I have reviewed the Draft Audit Report on the Independent Budget Office's Response to Information Requests (MJ12-117A) and am pleased that it finds we have "...adequate controls and procedures in place that address the handling and processing of major requests [for information or analysis] that are undertaken on a project basis and require significant time and staff resources."

Our view of the draft report's other major finding is quite different and as the accompanying response makes clear, we firmly disagree with the audit's findings in terms of our procedures for handling what we call minor requests for information. While disagreeing with the findings in regard to our approach for monitoring and responding to minor requests, I want to acknowledge that we used the occasion of the audit draft to review procedures for handling minor requests with IBO's supervising analysts and reinforce that all levels of staff in our small agency must communicate regularly about these minor questions and how they were being answered.

Finally, I would like to thank the Comptroller's audit staff for their professionalism and courtesy.

Sincerely,

A handwritten signature in black ink that reads "Ronnie Lowenstein".

Ronnie Lowenstein



**IBO Response to the Draft Audit Report on  
The Independent Budget Office's Response to Information Requests  
Audit # MJ12-117A**

The Independent Budget Office has the upmost respect for the work of the Comptroller's Audit Bureau and the role it plays in ensuring that city funds are spent effectively and properly. IBO has benefitted in the past from the Audit Bureau's expertise as we followed recommendations to help us better meet city time-keeping and procurement policies.

In the case of the current audit, though, we firmly disagree with the findings of the draft report on IBO's Response to Information Requests. Further, we do not believe that implementing the recommendations made to address the findings would in any way improve or benefit IBO's performance. In fact, IBO previously used the method for tracking requests and found the record keeping to be counterproductive.

The draft report acknowledges that we have adequate controls for overseeing and responding to what we define as major requests for information, but the report finds shortcomings with how we handle minor requests. Yet the report provides scant evidence of any failings to respond to requests in a timely manner. What the report finds is that our means of ensuring that minor requests for information are handled in a timely manner cannot be readily audited using the methodology the audit bureau typically employs.

This in no way means what we do does not work; it simply means that the Audit Bureau wants IBO to change our process so it provides evidence in a form that is more accessible for auditing purposes. We do not think that is a sufficient reason to change how we operate, especially when we believe that the evidence we have anecdotally and empirically indicates that how we handle minor requests works well.

IBO agrees that our way of handling minor requests appears informal, in part because it relies heavily on communication among staff analysts, supervising analysts, and senior staff. But as the draft report acknowledges, there is a process—one that takes advantage of our small size and intentionally makes it easy for elected officials, members of civic organizations, community board representatives, union staff, the media, and any other members of the public to seek information from IBO.

The methodology section of the draft report references a test the Audit Bureau used to gauge IBO's responsiveness to minor requests. Since the test was conducted without our knowledge, it provides a fair snapshot of our responsiveness. The draft report does not provide the results, so we will present them here.

We could identify nine requests for information likely sent to IBO by Audit Bureau staff over the period of June 26-July 23, 2012. Each of these requests was e-mailed from individuals using gmail or Yahoo accounts and included no personal identification, affiliation, or reason for making the request. The



requests were sent to an IBO e-mail account mostly used to send out our publications electronically to subscribers. It is the least common way we receive requests for information.

Given that the requests came in through a “back door,” the questions came from the general public with no indication of how quickly the information was needed, and the agency had no idea it was being tested, there was no fast-tracking of responses by IBO staff. Accordingly, we believe the results speak for themselves:

- 6 of the 9 requests for information were answered the same day, five of them in less than five hours
- 1 was answered the following day (the analyst responsible for the information area was out the day the request was sent)
- 1 sent on a Friday morning of the week of July 4 was answered the following Monday morning—about one-half hour after the analyst received it.

Only one of the nine requests was not answered as timely as it should have been.

As another means of gauging the effectiveness of our handling of minor information requests, we would also encourage the Audit Bureau—or anyone reading the findings of this report—to ask those who routinely seek information from IBO about our responsiveness. We did just that as part of an anonymous survey conducted by an outside consultant to assess IBO’s overall performance. Although the survey and findings were intended for internal use, we shared it with the Audit Bureau, as referenced in the draft report. While the draft report does not note any of the findings, we will: “Several respondents also mentioned the willingness of IBO staff to collaborate/respond to specific requests for information and analysis.” The consultant’s report also noted the ease of accessing information from IBO staff: “Respondents...described the benefit of being able to call the staff and get more information.”

The draft audit suggests we incorporate a tracking system for minor requests. IBO noted on multiple occasions during the audit process that we had required minor requests to be tracked in the past and found it to be unnecessarily bureaucratic for a small agency and actually counterproductive. Moreover, the tracking failed to provide us with any value-added information for management purposes. As a result we discontinued it a number of years ago.

Given the absence of evidence that IBO fails to respond to minor requests for information in a timely manner, we believe the best course of action is to follow an old adage: If it’s not broken, don’t fix it.