



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



AUDITS AND SPECIAL REPORTS

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Deputy Comptroller for Audit

Audit Report on the New York City
Board of Elections' Inventory Practices
for Office Equipment and Voting
Machines

SR15-127A

June 6, 2016

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, NY 10007

SCOTT M. STRINGER
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June 6, 2016

To the Residents of the City of New York:

My office has audited the New York City Board of Elections (BOE) to determine whether it maintained adequate controls over its inventory of office equipment and voting machines. We audit City-funded agencies, such as the BOE, as a means of increasing accountability and ensuring that City resources are used effectively, efficiently and in the best interest of the public.

This audit found that the BOE did not maintain adequate controls over its inventory of electronic equipment and failed to adhere to either the Department of Investigation's *Standards for Inventory Control and Management* or Comptroller's Directive #1. We found that the BOE's inventory records for both voting equipment and for general office equipment were incomplete and inaccurate. While we were able to account for all but 11 of the 5,042 sampled items listed in inventory records we tested, we identified 287 items that the BOE had purchased (both voting equipment and office equipment) and that were physically on-site in the BOE's premises but were not listed on its current inventory records. We further found more than 1,000 items that were not properly tagged. The large number of items on-site that were omitted from BOE's inventory records raises a concern that the BOE's inventory records are not consistently and reliably updated to reflect the BOE's receipt of incoming items. In addition, we found numerous instances of noncompliance with other controls in the BOE's inventory records, including that the BOE failed to consistently record asset-control numbers and serial numbers, and that there were duplicate serial numbers recorded. Finally, we found that the BOE purchased 103 office equipment items using incorrect object codes on seven payment vouchers. Based on the inventory control weaknesses found during testing, we concluded that there is a potential risk of loss, misappropriation or theft.

The audit makes eight recommendations, including that the BOE ensure that all missing inventory items are located and accounted for; maintain complete and accurate records of all equipment; update its inventory records promptly and accurately when changes occur; conduct an annual inventory count of all its major electronic equipment to ensure that accurate information about all such items and their locations are properly recorded in the BOE's inventory records; and charge all office equipment purchases to the correct object code in accordance with Comptroller's Directive #24, Agency Purchasing Procedures and Controls.

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott M. Stringer".

Scott M. Stringer

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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER AUDIT AND SPECIAL REPORTS

Audit Report on the New York City Board of Elections' Inventory Practices for Office Equipment and Voting Machines

SR15-127A

EXECUTIVE SUMMARY

The New York City Board of Elections (BOE) is made up of ten Commissioners, two from each borough, who are appointed by the City Council for four year terms. It has its main administrative office in Manhattan and a borough office in each of the five boroughs. In addition, it maintains five separate storage facilities for voting machines, one in each borough. During Fiscal Years 2014 and 2015, the BOE spent approximately \$640,000 for electronic office equipment, such as computers, monitors, tablets, printers, and televisions. Electronic voting equipment, such as voting machines (DS200 scanners and the AutoMARK ballot marking device), computers and monitors for the Central Scanning and Tabulation System, Election Night Results laptops, Microsoft Surface tablets, and printers are purchased separately, but no new purchases were made of this type of electronic equipment during the audit scope period.

Inventory records for electronic equipment purchased for general office use are maintained by the BOE's Management Information System (MIS) on 11 separate Microsoft Excel spreadsheets, one for each BOE location. Inventory records for electronic voting equipment are maintained on S-Elect inventory management (S-Elect), an electronic inventory management system that records and tracks electronic equipment used for elections. Among other things, in connection with S-Elect, when voting equipment is purchased it receives a label with a barcode that is used for tracking the location of the item. The label identifies the item as the property of the City of New York and includes the agency control number.

Audit Findings and Conclusions

Our audit found that the BOE did not maintain adequate controls over its inventory of electronic equipment and failed to adhere to either DOI's *Standards for Inventory Control and Management* or Comptroller's Directive #1. Specifically, we found that the BOE's inventory records for both voting equipment and for general office equipment were incomplete and inaccurate. While we were able to account for all but 11 of the 5,042 items listed in inventory records that we tested, we identified 287 items that BOE had purchased (both voting equipment and office equipment) and that were physically on-site in BOE premises but were not listed on its current inventory

records, and we further found more than 1,000 items that were not properly tagged. The large number of items on-site that were omitted from BOE's inventory records raises a concern that the BOE's inventory records are not consistently and reliably updated to reflect BOE's receipt of incoming items. In addition, we found numerous instances of noncompliance with other controls in both the Excel spreadsheets and S-Elect, including BOE's failure to consistently record asset-control numbers and serial numbers, and the existence of duplicate serial numbers.

Audit Recommendations

The audit made the following eight recommendations that the BOE should:

- Ensure that all missing inventory items are located and accounted for.
- Maintain complete and accurate records of all equipment in accordance with DOI's *Standards for Inventory Control and Management* and Comptroller's Directive #1.
- Update its inventory records promptly and accurately when changes occur, including new purchases.
- Conduct an annual inventory count of all its major electronic equipment, ensuring that accurate information regarding all such items and their locations are properly recorded in BOE's inventory records.
- Ensure that the annual inventory count of major electronic equipment is properly supervised.
- Affix proper identification tags marked "Property of the City of New York" to all electronic equipment items and include a sequential internal control number.
- Review and enhance its written inventory procedures and include all the requirements set forth by DOI's *Standards for Inventory Control and Management*.
- Charge all office equipment purchases to the correct object code in accordance with Comptroller's Directive #24, Agency Purchasing Procedures and Controls.

Agency Response

BOE generally agreed with the report's findings and recommendations and described steps they have taken or will take to implement the report's recommendations. Further, BOE stated that "The comptroller's audit of Board of Elections in the City of New York (the "Board") inventory practices for office equipment and voting machines has been instructive and will aid in improving the Board's inventory practice. The Board has worked diligently and cooperatively with the Office of the Comptroller of the City of New York in completing this necessary and informative process."

AUDIT REPORT

Background

BOE is comprised of ten Commissioners, two from each borough, who are each appointed by the City Council for a term of four years. It has its main administrative office in Manhattan and a borough office in each of the five boroughs. In addition, it maintains five separate storage facilities for voting machine, one in each borough.

The BOE is responsible under the New York State Election Law for:

- Conducting voter registration, outreach and processing;
- Maintaining and updating voter records;
- Processing and verifying candidate petitions and documents;
- Overseeing campaign finance disclosures of candidates and campaign committees;
- Recruiting, training and assigning the various Election Day officers to conduct elections;
- Operating poll site locations;
- Maintaining, repairing, setting up and deploying the Election Day operation equipment;
- Ensuring each voter's right to vote at the polls or by absentee ballot;
- Canvassing and certifying the vote;
- Conducting voter education, notification and dissemination of election information; and
- Preparing maps of political subdivisions.

During Fiscal Years 2014 and 2015, the BOE spent approximately \$640,000 for electronic office equipment, such as computers, monitors, tablets, printers, and televisions.¹ The equipment used for voting is stored in one of BOE's five locked warehouses, each of which is equipped with security cameras located throughout the facilities. BOE uses S-Elect, an electronic inventory management system, to record and track electronic equipment used for an election. This includes voting machines (the DS200 scanner and the AutoMARK ballot marking device), computers and monitors for the Central Scanning and Tabulation System, Election Night Results laptops, Microsoft Surface tablets, and printers.

The Director of Equipment is responsible for notifying the Voting Equipment Operations Unit (VEOU) when voting equipment is purchased and its anticipated delivery date. VEOU is responsible for generating a label with a barcode that is supposed to be used for tracking the location of the item. The label identifies the item as the property of the City of New York and includes the agency control number. When the equipment is transported from the warehouse to a voting site, each item's barcode is supposed to be scanned before the item is loaded onto a truck for transportation to a voting site. The truck driver should be given a transmittal form that lists all the equipment being transported to the site. At the voting site, personnel are required to sign for the equipment delivered. BOE personnel are supposed to visit the site and verify that the equipment is present at the site.

¹ During the audit scope period, no new purchases were made of electronic equipment used for elections.

By contrast, electronic equipment purchased for general office use, not specifically for elections, is not barcoded and is not entered into S-Elect. Rather, personnel from the BOE's Management Information System (MIS) track it by maintaining an inventory of this electronic equipment on 11 separate Microsoft Excel spreadsheets, one for each of the BOE's 11 locations. When MIS personnel receive an e-mail requesting that equipment be moved or replaced, the information is supposed to be recorded on the relevant inventory spreadsheets after MIS personnel complete the task. For large office-wide upgrades, separate spreadsheets are created at the beginning of the process and are updated as the new equipment is installed.

According to the Comptroller's Directive #1 *Principles of Internal Control*, inventory items used for a City agency's operations, such as electronic voting and office equipment, require strong controls to ensure accurate recordkeeping and good security. The New York City Department of Investigation's (DOI's) *Standards for Inventory Control and Management* sets forth specific controls for BOE to follow.

Objectives

The objectives of this audit were to determine whether the BOE is (1) complying with certain inventory procedures as set forth in the Department of Investigation's *Standards for Inventory Control and Management*; (2) and whether it is maintaining internal control systems as required by Comptroller's Directive #1.

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 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 scope of this audit covered July 1, 2013, through February 3, 2016. Please refer to the "Detailed Scope and Methodology" at the end of this report for the specific procedures and tests that were conducted.

Discussion of Audit Results

The matters covered in this report were discussed with officials at BOE during and at the conclusion of this audit. A preliminary draft was sent to BOE and discussed at an exit conference held on May 5, 2016. On May 10, 2016, we submitted a draft report to BOE with a request for comments. We received a written response from BOE officials on May 26, 2016. In their response, BOE generally agreed with the report's findings and recommendations and described steps they have taken or will take to implement the report's recommendations. Further, BOE stated that "The comptroller's audit of Board of Elections in the City of New York (the "Board") inventory practices for office equipment and voting machines has been instructive and will aid in improving the Board's inventory practice. The Board has worked diligently and cooperatively with the Office of the Comptroller of the City of New York in completing this necessary and informative process." The full text of their response are included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

The audit found that the BOE failed to adhere to either DOI's *Standards for Inventory Control and Management* or to Comptroller's Directive #1. Further, we found that the BOE's inventory records for both voting equipment and for general office equipment were incomplete and inaccurate. While we were able to account for all but 11 of the 5,042 items listed in the BOE's inventory records that we tested, we identified 287 items that BOE had purchased and that were physically on-site in BOE premises but were not listed on its current inventory records, and we further found more than 1,000 items that were not properly tagged. The large number of items on-site that were omitted from BOE's inventory records raises a concern that the BOE's inventory records are not consistently and reliably updated to reflect BOE's receipt of incoming items. In addition, we found numerous instances of noncompliance with other controls in both the Excel spreadsheets and S-Elect, including BOE's failure to consistently record asset-control numbers and serial numbers, and the existence of duplicate serial numbers. Based on the inventory control weaknesses found during testing, we conclude that there is a potential risk of loss, misappropriation or theft. These findings are described in detail below.

Missing Equipment Listed in BOE Inventory Records

During our visits to BOE facilities we were unable to locate 11 items listed on its inventory records. The missing items were both electronic office equipment and electronic voting equipment that we found were on inventory lists but that were not found at the locations identified on those lists. The 11 items consisted of:

- three monitors identified on MIS Excel spreadsheets,
- two laptops identified in S-Elect,
- four printers (three printers identified on MIS Excel spreadsheets and one printer identified in S-Elect),
- one tablet identified on an MIS spreadsheet, and one television identified in S-Elect.

When asked for the current location of these items, BOE officials stated that they would attempt to locate them. To date, BOE has not provided us with further information about the current locations of these 11 missing items.

Incomplete and Inaccurate Inventory Records

While most of the items on BOE's inventory lists that we sampled could be accounted for, we found that the BOE did not maintain complete and accurate inventory records of all its electronic equipment. As noted above, we found deficiencies in both the office equipment Excel spreadsheets and in S-Elect. Specifically, we found that BOE failed to include 287 items (45 computers, 127 monitors, 9 laptops, 85 printers, 5 tablets, 12 televisions and 4 voting machines) in its inventory records. In addition, we found that BOE inventory records did not always include items' agency control numbers, locations, and serial numbers on electronic equipment as required.

Section 28 of DOI's *Standards for Inventory Control and Management* requires that "[p]ermanent records are maintained, centrally, to track all non-consumable goods issued to each agency unit, including type of equipment, manufacturer, serial number, agency control number, condition,

location, date issued, and the person(s) responsible for maintenance.” Further, Section 18 of DOI’s Standards states, “[a] count of all stored goods is conducted at least once a year to ensure the accuracy of the perpetual inventory records.” Comptroller’s Directive #1 states that all of the inventory items require strong controls to ensure accurate recordkeeping.

BOE officials informed us that they conduct an annual inventory count. However, conducting an annual inventory count is not a substitute for properly documenting the receipt and disposal of inventory in a timely manner. Moreover, any annual inventory count that was conducted appears to have been inadequate since 69 of the 287 items that we found missing from BOE’s inventory records had been purchased as early as March and April 2014, i.e., more than 16 months before our audit observation. Accordingly, those items should have been identified in a prior annual inventory count and added to the appropriate inventory record. However, the items apparently had not been identified in a previous annual inventory count since we found them missing from the inventory records we reviewed.

Of the 287 items not listed in any of BOE’s inventory records, 107 items (68 monitors, 7 laptops, 24 printers, 3 tablets and 5 televisions) were purchased during Calendar Year 2014, and 70 items (2 tablets, 27 computers, and 41 monitors) were purchased during Calendar Year 2015. The fact that none of these items appears in BOE’s inventory records suggest weaknesses exist in maintaining a perpetual inventory system that should have resulted in those items appearing on the relevant inventory lists.

Section 15 of DOI’s *Standards for Inventory Control and Management* requires that “a perpetual inventory system is established to maintain an up-to-date count of all items in the inventory. A running balance of the goods on hand is maintained by the timely recording of the quantities of all incoming and outgoing orders.” Moreover, a properly supervised annual inventory count should have ensured that any new purchases mistakenly omitted from BOE’s inventory records at the time of receipt are identified and added to those records during the next annual count.

The following charts identify the deficiencies we found in the BOE’s inventory records maintained in S-Elect and in Excel:

Table I

Areas of Inventory Noncompliance in
the S-Elect Inventory Management
System

Type of Items Tested	Items Not Located	Items Without Asset Control Number	Items With Incorrect Serial Number	Items with Duplicate Serial Number	Items without Serial Number	Total
Computers	0	143	5	0	0	148
Monitors	0	133	36	0	0	169
Laptops	2	191	3	0	0	196
Printers	1	39	5	0	0	45

Type of Items Tested	Items Not Located	Items Without Asset Control Number	Items With Incorrect Serial Number	Items with Duplicate Serial Number	Items without Serial Number	Total
Tablets	0	1	0	0	2,999	3,000
Televisions	1	0	2	0	37	40
Voting Machines	0	0	0	0	0	0
Total	4	507	51	0	3,036	3,598

Table II

Areas of Inventory Noncompliance in the Microsoft Excel Spreadsheets

Type of Items Tested	Items Not Located	Items Without Asset Control Number	Items With Incorrect Serial Number	Items with Duplicate Serial Number	Items without Serial Number	Total
Computers	0	811	44	15	0	870
Monitors	3	828	56	10	0	897
Laptops	0	0	0	0	0	0
Printers	3	196	39	5	0	243
Tablets	1	0	0	0	257	258
Televisions	0	0	0	0	0	0
Total	7	1,835	139	30	257	2,268

Physical Inventory Does Not Comply with DOI Standards for Inventory Control and Management

Based on our findings, we determined that the BOE's compliance with the required inventory controls needs improvement. Specifically, we found that 1,176 items lacked control numbers and tags identifying the items as property of the City of New York. The absence of such identification markings will make the items more difficult to track if they are moved from their assigned locations

or taken off the premises. Items without proper labels and numbers undercut the effectiveness of an inventory tracking system and increase the risk of theft.

Section 28 of the DOI Standards for Inventory Control and Management requires that “readable, sturdy property identification tags (reading ‘Property of the City of New York’) with a sequential internal control number are assigned and affixed to valuable items. An inventory log containing the internal control number assignments . . . is [to be] maintained.” These requirements were not followed. The BOE’s failure to comply increases the potential risk of loss, misappropriation, or theft.

Table III lists the details of non-compliance found for each equipment type.

Table III

Summary of Weaknesses in
Equipment Inventory Control

Items Tested	Items Without Property Identification Tags & Asset Control Number		Total
	S-Elect	Excel	
Computers	143	320	463
Monitors	122	327	449
Laptops	23	0	23
Printers	39	193	232
Tablets	1	8	9
Televisions	0	0	0
Voting Machines	0	0	0
Total	328	848	1,176

Written Inventory Procedures for Voting Equipment and Office Equipment Are Not Adequate

DOI Standards require that inventory records include the type of equipment, manufacturer, serial number, agency control number, condition, location, date issued, and the person(s) responsible for maintenance. Section 6 of DOI’s Standards for Inventory Control and Management states that “Agency management is responsible for ensuring that there are policies and procedures and that these are updated to include the requirements established in these standards.” However, BOE’s written procedures for maintaining election equipment and those for maintaining office equipment do not reflect all the required standards.

The written procedures for the S-elect inventory management system, which is used for BOE's voting equipment, do not include all the requirements set forth by DOI Standards. While there are three procedure booklets that outline inventory procedures, collectively they do not include all the DOI requirements and therefore need further enhancement. Specifically, the S-elect procedures require inventory entries to include the type of asset, the serial number, and the unit number. They also include procedures for barcoding a new item and removing an item from inventory if it is transferred or destroyed and that an annual inventory count must be conducted during January or February. However, they do not require inventory entries to include the manufacturer, the condition, the location, the date issued, and the person responsible for maintenance.

BOE's written inventory procedures for office equipment maintained on its Microsoft Excel spreadsheets are also completely inadequate. They consist of only a half-page of text and state that the Management Information System helpdesk will handle all requests for equipment moves and replacements and when requests are completed the move should be recorded on inventory spreadsheets. The instructions do not indicate what information should be recorded. They also do not state that an annual inventory count should be conducted. These procedures need to be substantially enhanced to include all of the DOI mandated standards.

Other Issue

Incorrect Object Codes Charged

BOE used seven payment vouchers to purchase 103 office equipment items, including monitors, printers, televisions, tablets and laptops for a total of \$72,350. BOE used incorrect object codes on these seven payment vouchers. Using incorrect object codes prevents the BOE from accurately categorizing the type and amount of a particular expense item during the fiscal year. This can compromise management's ability to plan future budgets.

Comptroller's Directive #24, §6.0, states, "Payment Voucher approvers must ensure that the appropriate accounting and budget codes are being charged. This includes charging the correct unit of appropriation and correct object code within that unit of appropriation."

Recommendations

BOE should:

1. Ensure that all missing inventory items are located and accounted for.

BOE Response: "MIS conducted an immediate search to locate items not identified in inventory lists. MIS located items in locked storage rooms at both the General Office and Queens Office. MIS initially did not include these items the inventory excel spreadsheets as they were not assigned to a facility location. This process has been corrected [and] are included on a separate Excel spread sheet for unassigned equipment. This spreadsheet along with existing spreadsheets will be moved into S-Elect. The Board has located 146 of 178 items to date.

EVS conducted an immediate search for items listed as purchased but not contained in S-Elect. All items were located, confirmed and accounted for in S-Select. Any items not on inventory lists provided to the Comptroller's Office were excluded by staff error. All such items were present in S-elect and should have

been readily provided to audit staff. The Board regrets any confusion such omission may have caused.

The two (2) Scanners and two (2) BMD voting machines which are located at the Manhattan Voting Machine Facility have been consistently carried on Board inventory. The S-Elect System showed the use of these machines in Elections from 2011 to present. The inventory history for the above items is recorded in S-Elect. Inclusion of these items in the audit is inexplicable.

The Board will continue to remain vigilant in tracking and locating all inventory items and include in S-Elect in accordance with DOI inventory standards.”

Auditors’ Comments: We appreciate that BOE has taken action to correct the inaccuracies found during the audit. However, as discussed in the report, BOE did not provide any evidence that it located the 11 missing items. Regarding the 287 items that BOE failed to include in its inventory records, we appreciate the efforts that BOE is making to rectify the control weaknesses found in its perpetual inventory system. However, BOE should review the information in the S-Elect System regarding the “two (2) Scanners and two (2) BMD voting machines” (noted in the audit as 4 voting machines). Again, as discussed in the report, these items were not on the S-Elect inventory list that BOE provided to us during the audit. Further, it is unfortunate that BOE did not explain how it was able to find these items on its S-Elect inventory list after the audit was completed since, based on our review, that seems highly unlikely.

2. Maintain complete and accurate records of all equipment in accordance with DOI’s *Standards for Inventory Control and Management* and Comptroller’s Directive #1.

BOE Response: “All departments are keeping and maintaining updated inventory records with required information and/or will migrate to an inventory system that meets DOI inventory standards.”

3. Update its inventory records promptly and accurately when changes occur, including new purchases.

BOE Response: “The Board is committed to accurately and properly recording new purchases of inventory as demonstrated by operational changes outlined above.”

4. Conduct an annual inventory count of all its major electronic equipment, ensuring that accurate information regarding all such items and their locations is properly recorded in BOE’s inventory records.

BOE Response: “The Board will continue to conduct an annual count of all its major electronic equipment to ensure accurate item information and location. This responsibility has been reassigned to the ACCO unit to ensure accuracy, consistency and uniformity of process.”

5. Ensure that the annual inventory count of major electronic equipment is properly supervised.

BOE Response: “The Board will ensure that the annual inventory count of major electronic equipment is properly supervised by the ACCO.”

6. Affix proper identification tags marked “Property of the City of New York” to all electronic equipment items and include a sequential internal control number.

BOE Response: “The Board has affixed identification tags marked with ‘property of the Board of Elections in the City of New York’ and assigning an internal control number to those items missing these tags as part of agency overall process to review items to ensure they are properly tagged and properly entered into the inventory system.”

7. Review and enhance its written inventory procedures and include all the requirements set forth by DOI’s *Standards for Inventory Control and Management*.

BOE Response: “The Board has reviewed its written inventory procedures to ensure compliance with DOI standards for inventory control and management and will make any necessary revisions.”

8. Charge all office equipment purchases to the correct object code in accordance with Comptroller’s Directive #24, Agency Purchasing Procedures and Controls.

BOE Response: “The Finance Department will adjust object code assignment practice in accordance with the recommendation herein to comply with Comptroller’s Directive 24 agency purchasing procedures and controls.”

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 scope period of this audit covers July 1, 2013, through February 3, 2016.

To achieve our audit objectives, we reviewed the BOE's three inventory procedure guides for voting equipment entitled 1) *How to Track New Items and the Process to Remove Old or Damaged items – RFID and Bar Coding Procedure*, 2) *2010 Procedures for New Poll Site Voting System – Transportation Delivery and Retrieval*, and 3) *Inventory Quick Guide*. We also reviewed the BOE's *Inventory Procedure for MIS equipment*.

To gain an understanding of the inventory procedures and regulations with which the BOE are required to comply, we reviewed relevant provisions of the DOI's *Standards for Inventory Control and Management* and Comptroller's Directive #1 *Financial Integrity Statement*.

We interviewed the BOE Director of Management Information Systems Department, the Director of Electronic Voting Systems Department, the Manager of Poll Site Services Unit, the Voting Equipment Operations Unit's Chief Voting Machine Technician, and the Agency Chief Contracting Officer. We conducted walkthroughs of the main office, five borough offices and five voting machine facilities to evaluate the controls at each site and determine how physical assets are safeguarded.

Tests of Inventory Records

We selected 1,969 (463 computers and 461 monitors, 191 laptops, 235 printers, 50 televisions, 444 tablets, and 125 voting machines) of the 11,146 pieces of electronic equipment listed on both S-Elect and the excel spreadsheet inventory records and determined whether they were present at the applicable BOE location.² During our observations at the 11 locations (one main office, five borough offices and five warehouses) , we also determined whether another 3,073 items (18 computers, 18 monitors, 2 laptops, 64 printers, 6 televisions, 2,840 tablets and 125 voting machines) were recorded on either the S-Elect or the excel spreadsheet inventory records.

We reviewed the purchase documents that BOE used to purchase electronic equipment for Fiscal Years 2014 and 2015 to determine whether all 3,555 items purchased were properly recorded on either the S-Elect or the excel spreadsheet inventory records and were purchased using correct object codes. We tested whether 3,192 of the 3,555 items were present at BOE during the tests described in the preceding paragraph.

During our physical observation of the inventory at all 11 locations, which we conducted from September 2015 through February 2016, we checked whether all items examined were properly tagged as property of the City of New York and determined whether the items were included on BOE's inventory records. We also determined whether the S-Elect and the excel spreadsheet

² We randomly selected 1,912 items, and we inspected an additional 57 items with serial number issues on the inventory records. Of the 1,969 items tested 843, were listed on S-Elect and 1,126 were listed on the excel spreadsheets.

inventory records included the type of equipment, serial number, agency control number, and location.



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May 23, 2016

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**RE: Audit Report on the New York City Board
of Elections' Inventory Practices for
Office Equipment and Voting machines**

Dear Ms. Landa:

The comptroller's audit of Board of Elections in the City of New York (the "Board") inventory practices for office equipment and voting machines has been instructive and will aid in improving the Board's inventory practice. The Board has worked diligently and cooperatively in with the Office of the Comptroller of the City of New York in completing this necessary and informative process.

The primary inventory system used by the Board of Elections is the "S-Elect System." S-Elect is a system that was designed specifically for the Board to perform its unique function of shipping and tracking thousands of individual equipment items that are stored, delivered and collected several times every year for each election event. S-Elect contains information about each item including name of item, description of item, category, serial number, asset number manufacturer, usage type and contact person for each item of equipment.

S-Elect details inventory record changes and tracks the identity of the employees making inventory record modifications. S-Elect has information regarding 566 durable asset types and 294 consumable asset types. There are currently over 10,000,000 individual items in S-Elect of which over 500,000 are in the category of durable asset types and remaining in the category of consumable asset types. As designed, S-Elect meets DOI standards for inventory control and management. S-Elect is used by the Board of Elections Voting Equipment

Operations (VEOU) Department and Electronic Voting System (EVS) Department. The audit revealed that the EVS unit did not consistently complete all of the required fields. This has been corrected and the EVS unit is now entering information for all of the required fields in S-Elect for each item of equipment. All information for future equipment will be similarly entered.

The Board Management Information System (MIS) Department used excel spreadsheets to monitor the allocation of equipment to all Board of Elections facility locations. The spreadsheets track assigned Board PC name consisting of the manufacturer, model number, equipment location, equipment serial number, IP address, and user's name. Each PC is assigned a monitor with recorded serial number. The Board is discontinuing the use of the excel spreadsheet inventory system. MIS will migrate the spreadsheet inventory into S-Elect in the coming weeks; thereby ensuring compliance with DOI standards for inventory control and management.

The Board introduced tablet technology to enhance election systems and personnel management on Election Day. As tablets are distributed on Election Day, all tablets are entered into the S-Elect. The tablet unit will enter all serial numbers into S-Elect for each individual tablet during the upcoming tablet software update. The tablet unit tracks 257 Galaxy tablets previously used to test and develop processes and procedures for the current tablet project. The inventory of these items with appropriate identifying information was maintained on a separate excel spreadsheet. The use of the spread sheet has been discontinued and information for the Galaxy tablets has been migrated into S-Elect System.

In advance of the completion of the audit, the Board implemented operational changes to ensure strict compliance with DOI inventory standards. The Agency Chief Contracting Officer (ACCO) Department enters new assets into the inventory system and tracks purchases and deliveries. Individual units no longer tag and label new equipment items. The ACCO unit completes these tasks to add another layer of independent tracking; thereby reducing potential for mismanagement and/or loss.

Recommendations.

The following are individual responses to recommendations:

- (1) MIS conducted an immediate search to locate items not identified in inventory lists. MIS located items in locked storage rooms at both the General Office and Queens Office. MIS initially did not include these items the inventory excel spreadsheets as they were not assigned to a facility location. This process has been corrected are included on a separate Excel spread sheet for unassigned equipment. This spreadsheet along with existing spreadsheets will be moved into S-Elect. The Board has located 146 of 178 items to date.

EVS conducted an immediate search for items listed as purchased but not contained in S-Elect. All items were located, confirmed and accounted for in S-Select. Any items not on inventory lists provided to the Comptroller's Office were excluded by staff error. All such items were present in S-elect and should have been readily provided to audit staff. The Board regrets any confusion such omission may have caused.

The two (2) Scanners and two (2) BMD voting machines which are located at the Manhattan Voting Machine Facility have been consistently carried on Board inventory. The S-Elect System showed the use of these machines in Elections from

2011 to present. The inventory history for the above items is recorded in S-Elect. Inclusion of these items in the audit is inexplicable.

The Board will continue to remain vigilant in tracking and locating all inventory items and include in S-Elect in accordance with DOI inventory standards.

- (2) All departments are keeping and maintaining updated inventory records with required information and/or will migrate to an inventory system that meets DOI inventory standards.
- (3) The Board is committed to accurately and properly recording new purchases of inventory as demonstrated by operational changes outlined above.
- (4) The Board will continue to conduct an annual count of all its major electronic equipment to ensure accurate item information and location. This responsibility has been reassigned to the ACCO unit to ensure accuracy, consistency and uniformity of process.
- (5) The Board will ensure that the annual inventory count of major electronic equipment is properly supervised by the ACCO.
- (6) The Board has affixed identification tags marked with " property of the Board of Elections in the City of New York" and assigning an internal control number to those items missing these tags as part of agency overall process to review items to ensure they are properly tagged and properly entered into the inventory system.
- (7) The Board has reviewed its written inventory procedures to ensure compliance with DOI standards for inventory control and management and will make any necessary revisions.
- (8) The Finance Department will adjust object code assignment practice in accordance with the recommendation herein to comply with Comptroller's Directive 24 agency purchasing procedures and controls.

Yours very truly,



Michael Ryan
Executive Director

C: Board of Commissioners
Dawn Sandow, Deputy Executive Director
Sherwin Suss, ACCO
Gerald Sullivan, Director of Finance