



# City of New York

## OFFICE OF THE COMPTROLLER

**Scott M. Stringer**  
**COMPTROLLER**



### **AUDIT BUREAU**

**Marjorie Landa**

Deputy Comptroller for Audit

Report to the Mayor and City Council  
on City Comptroller Audit Operations  
Fiscal Year 2018

March 1, 2019

<http://comptroller.nyc.gov>

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THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
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March 1, 2019

The Honorable Bill de Blasio, Mayor  
City of New York  
City Hall  
New York, NY 10007

The Honorable Corey Johnson, Speaker  
New York City Council  
250 Broadway, Suite 1850  
New York, NY 10007

New York City Council  
City Hall  
New York, NY 10007

Dear Mayor de Blasio, Speaker Johnson, and Members of the City Council:

Attached please find the annual report on the operations of the Audit Bureau of the New York City Comptroller's Office for Fiscal Year 2018. The Audit Bureau issued 74 audits and special reports during the fiscal year focused on the effectiveness and service quality of City programs, and on financial issues, identifying \$36,586,788 million in actual and potential revenue and savings. Reviews of claims filed against the City identified another \$647,438 in potential cost avoidance.

Under the City Charter, the Comptroller's Office must audit some aspect of every City agency at least once every four years in accordance with generally accepted government auditing standards (GAGAS) promulgated by the Comptroller General of the United States. Section 93 (f) of the City Charter states that no later than March 1st of each year the Comptroller must provide an annual report to the Mayor and City Council on all major audit activities of City agencies conducted in the previous fiscal year.

Applicable auditing standards also require that government auditing entities undergo an external peer review every three years. The Audit Bureau underwent such a review by a team of qualified independent audit professionals, which was completed in October 2016. The review found that the Comptroller's Office complied with GAGAS and received the highest of three possible ratings from the review panel. In addition, the peer review identified eight specific areas of the Audit Bureau's performance for which it was commended.

The audits issued in Fiscal Year 2018 covered a wide range of subjects, including revenue and cost savings, asset management, internal controls, service delivery, program performance, and information technology. The most significant findings are highlighted below.

### **Revenue and Cost Savings**

The following three audits generated actual and potential revenue and savings:

- An audit that examined advanced payments made by the Department of Homeless Services (DHS) to Adult Shelter Providers found that DHS did not consistently follow its procedures for the issuance and recoupment of the payments it advanced to providers, resulting in \$11.8 million in potential revenue from its failure to recoup advance payments. DHS had contracts with Adult Shelter Providers in the amounts of \$307 million in Fiscal Year 2015 and \$335 million in Fiscal Year 2016. DHS's contracts allow the service providers to request and receive cash advances in anticipation of services to be rendered, but DHS is supposed to fully recoup any advance against the provider's monthly invoices during the fiscal year in which the advance was made. During those fiscal years, DHS made advance payments to Adult Shelter Providers totaling \$55.4 million and \$82.7 million. As of September 14, 2017, or approximately three months into Fiscal Year 2018, DHS had failed to recoup \$11.8 million it had advanced to providers in two prior fiscal years, consisting of \$75,704 advanced for Fiscal Year 2015 and \$11.7 million advanced for Fiscal Year 2016. The audit is summarized at page 65.
- A follow-up review of the New York City Department of Finance's (DOF's) actions to remove the Senior Citizen Homeowners' Exemption (SCHE) from the 3,890 ineligible properties, which were identified in the prior report, *Audit Report on the New York City Department of Finance's Administration of the Senior Citizen Homeowners' Exemption Program*, issued on July 7, 2016 found that the DOF gained \$9.2 million in additional revenue by removing the SCHE from 2,057 properties and Enhanced School Tax Relief exemptions (Enhanced STAR) from 1,523 of these properties and prorating the SCHE for 262 properties in the 2017/2018 tax year and removing an additional 425 properties in the prior tax year. However, the review found that the DOF intended to, but had not yet, removed the SCHE from 576 of the remaining 806 properties (and the Enhanced STAR from 403 of these properties), which is expected to result in \$1.3 million in additional revenue to be collected. According to the DOF, the remaining 230 of the 806 properties are eligible to receive the SCHE because either the property had a surviving spouse entitled to the exemption or there was a new SCHE application filed, which was approved. The report is summarized at page 60.
- An audit of DOF tax collection practices found that the DOF tax collection practices do not ensure the collection of required taxes from City vendors. During Fiscal Year 2017, the DOF collected approximately \$1.3 billion in business and excise tax revenue. Under the DOF's "GenTax FMS Vendor Restraint Process," the DOF's Collections Unit can notify the vendors of their City tax debts, docket them as tax warrants, request holds be placed on payment

vouchers payable to vendors with outstanding tax warrants and, after providing an additional notice, offset the docketed taxes the vendors owe to the City against the amounts the City owes to the vendors for the goods and services they provided. As of February 5, 2018, the DOF had docketed 254 open warrants totaling \$5.7 million in unpaid business taxes against 192 City vendors, 186 of whom were owed a total of \$2.6 million in vouchered funds that had been placed on restraint (hold), but the DOF has missed multiple opportunities to collect this business-tax debt. As a result, while the DOF effectively holds up payment vouchers due to City vendors with outstanding tax warrants, it does not follow up by seizing and offsetting the vouchered funds against the vendors' City tax debt, as permitted by law. The audit is summarized at page 58.

### **Asset Management and Internal Controls**

Several audits of public entities, agencies, and elected offices identified significant deficiencies in asset management and internal controls:

- An audit to determine whether the New York City Housing Authority (NYCHA) is maintaining its playgrounds located within its developments in satisfactory condition and is conducting periodic inspections found that NYCHA does not have adequate controls over playground inspections and does not ensure that its playgrounds are maintained in a clean and safe manner. Specifically, our inspections of all 788 NYCHA-maintained playgrounds—located in 238 NYCHA developments — found unsatisfactory conditions in 549 (70 percent) of the playgrounds. The audit found numerous playgrounds with substandard and visibly hazardous conditions, including missing and broken play equipment (some with exposed jagged edges), loose and deteriorated safety surfacing, tripping hazards, debris, erosion, and unkempt vegetation. Further, the audit found that almost half of the developments with substandard and hazardous playground conditions had not prepared or retained mandated monthly inspection reports. While the audit found deficiencies in the majority of NYCHA's playgrounds, it also found that 30 percent of them—239 playgrounds—were in good or satisfactory condition at the times of our inspections, with no observed deficiencies. The audit is summarized at page 69.
- An audit of the New York City Department of Parks and Recreation's (Parks') oversight of Construction Management (CMs) Consultants used by its Capital and Forestry Divisions found that Parks needs to improve its oversight of contracted CMs to ensure that their projects are completed appropriately and on time. This audit focused on 69 Capital and Forestry Division capital projects supervised by CMs during Fiscal Years 2014 and 2015. Those projects had total construction costs of \$317 million (exclusive of costs for design and for special inspections) and an additional \$18 million for associated project management services performed by CMs, not counting costs for Parks' in-house oversight staff. Thirty-nine percent of Parks' CM-managed projects were not completed within scheduled time frames. The audit found missing and incomplete construction records, flawed designs, delays in obtaining required permits, and instances in which coordination with other agencies and utilities was neglected or ineffective. The affected projects, located throughout the five boroughs, included construction of a carousel, a bikeway, a golf course, and a pool bathhouse, as well as tree-planting projects.

The delays ranged from nine days to three years and resulted in Parks' incurring \$4.9 million more in fees charged by its contracted CMs than the amounts originally budgeted—a cost overrun of 35 percent on the CM component of the projects alone. The audit is summarized at page 96.

### **Service Delivery and Program Performance**

The following audits identified significant service-delivery and program-performance issues:

- An audit of the Board of Elections (BOE) found that voter registrations of over 117,600 voters “purged” by BOE’s Brooklyn office between March 2014 and July 2015, which prevented them from voting during the April 19, 2016 Presidential Primary Election, had been restored in time for the November 2016 General Election. However, the audit found that BOE failed to ensure that the polls operated effectively and efficiently and in accordance with applicable law, rules, and guidelines. Of the 156 sites visited (out of as many as 1,205 sites operated by BOE throughout the City) during three elections between June 28, 2016 and November 8, 2016, 141 (90 percent) of them had one or more deficiencies, which could have impacted the ability of individuals to vote. Among the deficiencies found were problems with the assistance provided to voters, including those who require language interpreters and those with disabilities; problems with the information provided to voters; and problems with the accessibility of the poll sites themselves for disabled voters. The audit also found issues with the quality and amount of training BOE provides for Election Day workers. The audit is summarized at page 56.
- The Comptroller’s Office conducted an audit to determine whether the Department of Education (DOE) had adequate outreach and oversight of the attendance of students residing in homeless shelters operated by DHS. The audit found that the DOE does not adequately track and monitor the attendance of students residing in temporary housing who are chronically absent from school. According to DHS’s records, 32,243 school-aged children resided in DHS family shelters during the 2015-2016 School Year. Of 73 sampled students identified as being chronically absent, 25 (34 percent) students had no evidence that schools conducted outreach efforts. In addition, there was no evidence of outreach efforts for 50 students (68 percent) with occurrences of lateness. Further, the DOE did not provide evidence that Family Assistants who work in the shelters themselves conducted any outreach related to absences or lateness for 29 of 54 (54 percent) students with attendance issues while living in the shelters. The audit also found deficiencies regarding the DOE schools’ individual School Year Attendance Plans. The audit is summarized at page 50.
- A follow-up review of the New York City Department of Housing Preservation and Development’s (HPD’s) actions related to 1,125 City-owned vacant lots under its stewardship that were identified in the *Audit Report on the Development of City-Owned Vacant Lots by the New York City Department of Housing Preservation and Development*, issued on February 8, 2016, found that HPD failed to meet its stated schedule for the transfer of 454 of the 1,125 City-owned vacant lots it had designated for transfer for development or to another agency by June 30, 2017. Specifically, the review found that between September 18, 2015 and September 18, 2017, HPD

had transferred 64 lots for development and 54 lots to other City agencies, leaving 1,007 lots in HPD's inventory. In addition, the review found that HPD failed to transfer 360 of the 454 lots (79.3 percent) that it had previously scheduled for transfer to developers by June 30, 2017 and did not even designate a projected transfer date for 588 lots (52 percent). As a result, undeveloped City-owned vacant lots remain undeveloped and unproductive for purposes of meeting the City's housing and development goals. The report is summarized at page 71.

- The Comptroller's Office conducted two audits on the handling of customer complaints by the Metropolitan Transit Authority/New York City Transit (NYCT) and the Taxi & Limousine Commission (TLC). Brief descriptions of those audits follow:
  - NYCT provides Access-A-Ride (AAR) service for people with disabilities who are unable to use public bus or subway service. The audit, which focused on NYCT's handling of customer complaints about AAR services found that (1) NYCT does not adequately track complaint referrals and resolutions; (2) no written policies and procedures governing the investigations; (3) inadequate reviews of incident data; and (4) inadequate controls to enable it to provide reasonable assurance that AAR incidents are completely and accurately recorded in its database. The report is summarized at page 83.
  - The TLC licenses and regulates more than 130,000 vehicles and approximately 180,000 drivers, including the City's medallion (yellow) taxicabs, street hail liveries (green taxis), for-hire vehicles (community-based liveries, black cars, and luxury limousines), commuter vans, and paratransit vehicles. The audit, which focused on the TLC's handling of customer complaints, found that the TLC has not instituted sufficient input, processing, and access controls in its complaint database to ensure the completeness and integrity of the data and failed to ensure that critical system documentation is maintained. Finally, the TLC did not ensure that complaint dispositions are updated in 311's Citywide database so that accurate complaint-closed dates are recorded. The report is summarized at page 118.
- Four audits were conducted to determine whether personnel working at *EarlyLearn NYC* child care centers under contract with the Administration for Children's Services (ACS) had been properly screened through the Statewide Central Register of Child Abuse and Maltreatment (SCR). The New York City Health Code, §47.19, requires that all child care center employees and volunteers undergo an SCR clearance review prior to being hired and every two years thereafter. These four audits reviewed the SCR-clearance status of a total of 97 individuals working at the respective centers on the dates of auditors' unannounced visits and found that the centers had not timely obtained required SCR clearances for 24 individuals whose clearances were late by periods that ranged from 4 days to 866 days. The audits also found that the centers employing four individuals had not received the required renewal SCR clearance at all. One of those centers thereafter failed to obtain the required renewal clearances for three employees for an additional year. All of the audit reports were provided to the centers and to ACS. These reports are summarized on pages 13-17.

## **Information Technology**

All City agencies rely on information technology to help perform and maintain mission-critical operations. Over the past decade, as the City has spent a significant amount of taxpayer dollars on information technology, we have continued to audit system-development projects, access controls, and protection of personal data. Brief descriptions of several of those audits follow:

- An audit of the New York City Health and Hospitals' (H+H's) implementation of the Epic Electronic Medical Record System (Epic EMR) at Elmhurst Hospital Center (Elmhurst HC) found that the system, which became operational in April 2016, is fully functional and, generally, performing as designed and planned. In addition, the audit found that H+H's Enterprise Information Technology Services (EITS) group, which is responsible for the implementation, has a sufficiently strong computing environment (hardware, software, communications infrastructure) to run Epic EMR, as well as the technical resources to help maintain the Epic EMR for continued day-to-day operations. However, the audit revealed that although EITS maintains a 24-hour, 7-days-per-week, agency-wide helpdesk facility to support users in need of technical assistance, its data indicates that the average time frames in which it resolved higher-priority service-restoration issues affecting the Epic EMR at Elmhurst HC significantly exceeded its own targets, a condition that, if not addressed, could potentially delay the delivery of services to patients. The audit is summarized at page 62.
- An audit that assessed the security and reliability of the data stored by the Department of Transportation (DOT) identified 15 of the 88 computer applications it uses as critical. These 15 critical applications process both private information and public data. The audit found DOT had not deactivated or disabled the user accounts of 113 former or on-leave employees and did not implement and enforce applicable City password-expiration and complexity rules for three of its mission-critical applications. The audit also found that two DOT public web applications used an unsecured network protocol that made these applications vulnerable to unauthorized intrusion and interception. Further, as of September 14, 2017, DOT had not classified the data in the majority of its applications into public, sensitive, private, or confidential categories as required in order to ensure that security controls are adequate for different sets of data. The audit is summarized at page 120.
- An audit that assessed the security controls over Personally Identifiable Information (PII) of the ACS Division of Preventive Services, which oversees the delivery and monitoring of preventive services for children and families in their communities through contracted service providers, found inactive network user accounts that were not disabled and passwords for certain remote user accounts that never expired. In addition, the audit found that ACS did not comply with City password rules with respect to two critical applications, did not properly monitor access to its critical applications by external service providers and did not properly limit users' access privileges in one application. Further, it found that ACS had an inadequate encryption policy for stored data and it used outdated operating systems that the manufacturer no longer supported. Also, ACS provided no evidence that it had addressed reported software vulnerabilities and suspicious activities that required immediate action to prevent potential



Mayor de Blasio, Speaker Johnson, and Members of the City Council

March 1, 2019

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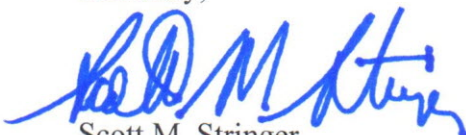
security breaches, and the agency did not have a formal agency-wide disaster recovery plan for critical applications hosted at its data center. Finally, our field visits to sites operated by external service providers found insufficient physical security over the PII that the providers collected, stored, and disposed of. The audit is summarized at page 18.

As the City's Chief Fiscal Officer, it is my duty to do everything in my power to maintain the City's fiscal health. The Audit Bureau uses its power of audit to find waste, mismanagement, and inefficiency in City government, as well as to root out fraud and abuse, while championing improvements that can achieve more efficient, effective City operations and services. The Bureau examines every corner of City government to improve services and save tax dollars wherever possible, and it makes hundreds of recommendations to improve City programs that can have a positive impact on service delivery if implemented. The audits and special reports summarized in this annual report have helped us meet our responsibility to ensure that government resources are not wasted, but put to work to improve the lives of all New Yorkers.

While agency managers are responsible for resolving and implementing recommendations promptly and effectively, the auditors follow up to see that action has been taken and intended results realized. A review of the implementation of the 431 recommendations made in this year's audit reports found that 44 City agencies and other related entities reported implementing or being in the process of implementing 365 recommendations (85 percent) and not implementing 66 recommendations (15 percent). This is the highest level of compliance by audited entities in nine years, indicating that the City is greatly benefiting from our audit efforts.

The Comptroller's Office welcomes your interest in ensuring that all recommendations made by the Audit Bureau are considered by City agencies. The true benefits of audit work are found in the effective implementation of these recommendations, and corrective action taken by management is essential to improving the effectiveness and efficiency of government operations. To that end, we have provided supplementary information on the status of all our recommendations by both audit report and by agency.

Sincerely,



Scott M. Stringer



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## SUMMARY OF AUDIT RESULTS

Actual and potential savings, revenues, and cost avoidance identified in Fiscal Year 2018 totaled \$37.2 million. These are estimates of what could be achieved if all the audit and special report recommendations were implemented. Of this \$37.2 million:

- Actual savings and revenues identified in Fiscal Year 2018 totaled \$19 million;
- \$17.6 million represents potential cost savings or revenues from a variety of management and financial audit findings; and
- \$647,438 represents potential cost avoidance resulting from analyses of claims filed against the City.

The Comptroller's Audit Bureau issued 74 audits and special reports in Fiscal Year 2018. Reviews of welfare-fund payments were also performed.

This report is divided into two sections. One section covers audits and special reports of City agencies and public authorities. The second section covers audits and special reports of private entities that received funding from or generated revenue for the City. The audits were performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) as required by the New York City Charter.

Many of the audit recommendations have been implemented either in whole or in part. Information on implementation status of the recommendations (as described in the "Audit Follow-up" section of each audit summary) was provided by the auditees in response to our follow-up inquiries.



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**ECONOMIC IMPACT OF AUDITS OF GOVERNMENT AND  
NON-GOVERNMENT AGENCIES  
ACTUAL/ POTENTIAL SAVINGS/REVENUE & POTENTIAL COST AVOIDANCE  
FROM AUDITS AND SPECIAL REPORTS FOR FISCAL YEAR 2018**

REPORT TYPE	FISCAL YEAR 2018 NUMBER OF REPORTS	FISCAL YEAR 2018 ACTUAL SAVINGS/ REVENUE	FISCAL YEAR 2018 POTENTIAL SAVINGS/ REVENUE(1)	FISCAL YEAR 2018 POTENTIAL COST AVOIDANCE (2)	TOTAL
<b>Government Agencies</b>					
Audits and Special Reports	67	\$18,967,349	\$17,619,439		\$36,586,788
Total Government Agencies	67	\$18,967,349	\$17,619,439		\$36,586,788
Non-Government Agencies	7			\$647,438	\$647,438
	74	\$18,967,349	\$17,619,439	\$647,438	\$37,234,226

(1) The potential savings/revenue amounts are estimates that could be achieved if recommendations are implemented.

(2) The potential cost avoidance amounts are questionable costs used by the Bureau of Law and Adjustment when negotiating settlements with claimants.





**SECTION I**  
**GOVERNMENT AUDITS**  
**AND**  
**SPECIAL REPORTS**



## OFFICE OF THE ACTUARY

Audit Report on the New York City Office of the Actuary's Controls over Its Computers and Computer-Related Equipment

Audit # FM18-095A

Comptroller's Audit Library #: 8572

Issued: May 23, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Office of the Actuary (OA), in relation to its computers and computer-related equipment, complied with the Department of Investigation's (DOI's) *Standards for Inventory Control and Management* (DOI Inventory Standards) and maintained effective internal control systems as required by Comptroller's Directive #1.

The OA is a non-mayoral City agency that provides actuarial information and services to the five major actuarially-funded New York City Retirement Systems and Pension Funds, the City's nine variable supplements funds, two tax-deferred annuity programs, six group life insurance funds, three closed pension funds, and the New York City Health Benefits Program.

During the period July 1, 2015 through January 10, 2018, the OA purchased 113 computers and related items at a total cost of \$56,918. As of January 24, 2018, the OA maintained an inventory of 272 computers and related items, according to its records, which it tracked using an Access database.

### Results

The audit found that the OA failed to comply with several procedures prescribed by the DOI Inventory Standards and failed to maintain effective internal control systems as required by Comptroller's Directive #1. As a result, the OA's inventory records for its computers and related items were incomplete and contained inaccurate information. Specifically, during observations of computers and related equipment at the OA's office, the audit identified inaccuracies and instances of noncompliance in the OA's inventory management and record keeping. Moreover, the evidence the agency provided was insufficient to show that it performs periodic inventory counts in accordance with the DOI Inventory Standards. Finally, the OA did not segregate duties among its staff in relation to its inventory of computers and related equipment or establish compensating controls as required by Comptroller's Directive #1 and the DOI Inventory Standards.

The audit made nine recommendations, including:

- The OA should maintain complete and accurate records of all equipment in accordance with the DOI Inventory Standards and update inventory records promptly as changes occur.
- The OA should ensure that only sequentially-numbered property identification tags are assigned and affixed to all valuable equipment and accurately recorded on the inventory list.
- The OA should ensure that all unused computers and computer-related equipment are relinquished in accordance with the requirements of the City's relinquishment policy.
- The OA should ensure that key responsibilities for the management of computers and computer-related equipment are adequately segregated or that compensating controls are implemented.
- The OA should ensure that an annual inventory count is performed and adequately documented in accordance with the DOI Inventory Standards.

In its response, the OA agreed in substance with all of the audit's nine recommendations.

**Audit Follow-up**

The OA reported that it has implemented the audit recommendations.

## OFFICE OF ADMINISTRATIVE TAX APPEALS

Letter Report on the New York City Office of Administrative Tax Appeals' Compliance with Local Law 36

Audit # SZ18-133AL

Comptroller's Library #: 8586

Issued: June 22, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Office of Administrative Tax Appeals (OATA) is complying with Local Law 36, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources, and manage waste in a cost-effective manner. In addition, the audit noted efforts made by OATA to follow recycling rules established by the New York City Department of Sanitation (DSNY) pursuant to Local Law 36. The audit of OATA is one in a series of audits on the City's compliance with the local law.

In 1989, New York City established Local Law 19, codified as Administrative Code §16-301, *et seq.*, to establish an over-arching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code §16-307) to require each City agency to develop a waste prevention, reuse and recycling plan and submit the plan to DSNY for approval by July 1, 2011. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the DSNY Commissioner to adopt, amend and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the agency's annual recycling report.

### Results

The audit found that OATA did not fully comply with Local Law 36. OATA source separates its recyclable materials and has designated a lead recycling coordinator for its two offices at One Centre Street. However, the audit found that OATA did not establish a Waste Prevention, Reuse and Recycling Plan pursuant to Local Law 36. Additionally, it did not submit the required annual report to its Commissioner or to DSNY. Further, the auditors noted from their site observation that the recycling containers were not properly labeled to prevent any improper collection of waste materials.

The audit recommends that OATA (1) establish a Waste Prevention, Reuse and Recycling Plan; and (2) submit the required annual report to its agency head and DSNY by July 1st of each year as required by Local Law 36. The audit also recommend that OATA label each recycling container or post proper signage to indicate the types of recyclable material that go into each container.

In its written response, OATA stated in substance that it was implementing all of our recommendations. Specifically, OATA reported that it has submitted a Waste Prevention, Reuse and Recycling Plan to DSNY for approval and stated that it would submit the required annual reports beginning in 2019 once the plan is approved by DSNY. OATA further stated that it had obtained the appropriate labels and signs for its recycling containers and placed them on or near each container to indicate the types of materials accepted.

### **Audit Follow-up**

OATA reported that two of the recommendations have been implemented and the third recommendation to submit the required annual report will be implemented in 2019.

## DEPARTMENT FOR THE AGING

Audit Report on the New York City Department for the Aging's Compliance with Comptroller's Directive #24 Regarding the Use of Miscellaneous Payment Vouchers

Audit # MD17-108A

Comptroller's Audit Library #: 8539

Issued: December 1, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Department for the Aging (DFTA) is in compliance with Comptroller's Directive #24, *Agency Purchasing Procedures and Controls*, Section 6.3, Miscellaneous Payment Vouchers and Directive #6, *Travel, Meals, Lodging and Miscellaneous Agency Expenses*.

DFTA's mission is "to work for the empowerment, independence, dignity and quality of life for New York City's diverse older adults and for the support of their families through advocacy, education and the coordination and delivery of services." DFTA primarily contracts with community-based organizations throughout the five boroughs to provide services for seniors.

For Fiscal Year 2016, DFTA's Other Than Personal Services expenditures totaled \$281,044,163. Of that amount, \$225,889 in expenses was paid through the use of miscellaneous vouchers. Those payments included reimbursements to DFTA employees for expenses such as phone calls, out-of-town travel, seminars, and train fare, and meals for volunteers in DFTA's Foster Grandparent program.

Comptroller's Directive #24, *Agency Purchasing Procedures and Controls*, provides guidance on the appropriate use of miscellaneous vouchers. Section 6.3 of Comptroller's Directive #24 stipulates that "Miscellaneous Payment Vouchers (PVMs) may be used only when estimated or actual future liability is not determinable, or a contract or a purchase document is not required or applicable." In addition, Directive #6, *Travel, Meals, Lodging and Miscellaneous Agency Expenses*, governs expenditures for employee travel, agency-provided meals and refreshments, and a variety of other miscellaneous agency expenditures.

### Results

The audit found that DFTA did not consistently comply with Directive #24 or Directive # 6 regarding the use of miscellaneous payment vouchers. Although the payment vouchers reviewed generally contained documentation to indicate the expenses being paid, some of those expenses should not have been paid through miscellaneous vouchers. Of the 34 vouchers sampled, totaling \$76,304, 13 vouchers (38 percent of the vouchers sampled) contained ineligible expenses totaling \$10,088 (13 percent of the total dollar amount sampled). Ineligible expenses included payments for contracted services, imprest fund-type expenditures (small purchases under \$250), and reimbursement for commuting expenses. The audit also found that several invoices were not stamped "paid" as required and that reimbursement claims were not submitted timely. Finally, the audit found that the object codes used to categorize expenses were incorrect in 6 of the 34 vouchers sampled.

The audit made the following four recommendations:

- DFTA should reiterate to staff that they must comply with guidelines regarding the appropriate use of miscellaneous vouchers. The required actions include maintaining sufficient funds in the imprest fund account at all times to cover imprest fund-type expenses, and ensuring that miscellaneous vouchers are used only for purposes that are allowed by Comptroller's Directive #24.

- DFTA should ensure that employees are not reimbursed for commuting expenses except in limited circumstances where expressly permitted by Comptroller's Directive #6. In such instances, prior approval by the agency head or his or her designee must be obtained and documented in the payment file.
- DFTA should establish and enforce an agency policy, consistent with Comptroller's Directive #6, mandating the maximum time period for the submission of reimbursement claims, following which reimbursement would not be permitted, to ensure that all claims for reimbursements of authorized expenses incurred are submitted timely.
- DFTA should ensure that all invoices paid by the agency are stamped "paid" and that all payments are charged to the correct object codes.

In its response, DFTA agreed with the four recommendations.

### **Audit Follow-up**

DFTA reported that all of the audit recommendations have been implemented.



## MANHATTAN BOROUGH PRESIDENT'S OFFICE

Audit Report on the Manhattan Borough President's Office Cash Controls over Transactions from the Topographical Bureau

Audit # FP18-106A

Comptroller's Audit Library #: 8583

Issued: June 18, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Manhattan Borough President's Office (MBPO) was in compliance with cash control procedures as set forth in the Comptroller's Directive #11, *Cash Accountability and Control*.

The Borough Presidents are the executive officials of each of New York City's five boroughs and are elected to terms of four years. The City Charter grants each Borough President the power to maintain a topographical bureau, recommend capital projects, establish and maintain a budget office, consult with the Mayor on the executive expense budget and the executive capital budget, and submit proposed appropriation and other budget recommendations to the Mayor and the City Council.

The MBPO's Topographical Bureau is responsible for maintaining the Manhattan Borough Map and furnishing copies of the map and related data to City agencies and the general public. The Topographical Bureau charges fees, ranging from \$250 to \$18,000, for services such as the preparation and review of alteration maps, address assignments, address verifications, and vanity addresses. The fees collected by the MBPO Topographical Bureau are reported as "minor sales" in the Comptroller's Comprehensive Annual Financial Report (CAFR). In the Fiscal Year 2017 CAFR, the MBPO reported minor sales of \$185,900.

### Results

The audit found that although the MBPO complied with certain cash control procedures set forth in Comptroller's Directive #11 in that it adequately segregated cash handling duties, issued sequentially numbered receipts to customers, deposited fees in the City's Treasury account, and secured fees awaiting deposit in a safe overnight. Additionally, as recommended by Comptroller's Directive #11, the MBPO accepts only checks and money orders as payment. However, they did not deposit fees on a daily basis and did not secure fees collected throughout the day in a safe as required by Comptroller's Directive #11. These control weaknesses increased the risk that the fees collected by the MBPO could be misappropriated or loss.

To address these issues our audit made the following two recommendations:

- Supervise its staff to ensure that they deposit fees on a daily basis in accordance with Comptroller's Directive #11 and internal policies and procedures.
- Supervise its staff to ensure fees collected throughout the day are stored in a safe in accordance with Comptroller's Directive #11.

In its response, the MBPO generally agreed with the audit's two recommendations and stated that

[o]ur office is committed to full compliance with the Comptroller's Directive 11 and wants to take every step to do so. . . . Again, as you know, our agency has a relatively small staff, and many of us perform multiple tasks. We are committed to making every effort to deposit payments daily. However, this may not always be possible. And in that event we

will make sure that all delays in deposits are no more than a day or two, and that all undeposited funds are secured properly.

**Audit Follow-up**

The MBPO reported that it has additional supervision and new managerial staff to make progress in fully complying with Comptroller's Directive #11.

## DEPARTMENT OF BUILDINGS

Letter Report on the Follow-Up Review of the City's Oversight over Privately Owned Public Spaces

Review # SR18-075SL

Comptroller's Library #: 8537

Issued: November 20, 2017

Monetary Effect: None

### Introduction

This follow-up review was conducted to determine whether the Privately Owned Public Spaces (POPS) previously found noncompliant in the *Audit Report on the City's Oversight over Privately Owned Public Spaces* (Audit #SR16-102A), issued on April 18, 2017, now provide all the required amenities, and the extent to which the Department of Buildings (DOB) has taken action to bring those POPS into compliance.

POPS are outdoor or indoor spaces, open for public use that are built and maintained by the developers and owners of private buildings. Building developers create POPS in exchange for the City's permitting them to construct buildings at greater heights and densities (and as a result, with greater floor area) than zoning regulations would otherwise allow. POPS may be required to include designated amenities within or outside their buildings. The Zoning Resolution of the City of New York in effect at the time that each of the City's POPS was created establishes the standards that govern each POPS. Currently, property owners are benefiting financially from approximately 23 million square feet of additional (bonus) floor area in their buildings in exchange for providing POPS at 333 locations in New York City.

Two City agencies oversee different aspects of developers' and owners' compliance with their POPS agreements: DOB and the New York City Department of City Planning (DCP). DOB enforces the City's Building Code and Zoning Resolution. In addition, DOB is responsible for issuing violation notices to owners when POPS are found to be out of compliance with applicable agreements. The violations carry penalties of \$4,000, which increase to \$10,000 in the event the building owner defaults. Challenges to notices of violation issued to a POPS are by the New York City Environmental Control Board (ECB), an administrative tribunal that provides hearings on various types of notices of violation issued by City agencies, including DOB. DCP, the other agency with responsibility for POPS, was established to oversee land use in New York City. DCP currently certifies POPS' compliance with zoning regulations prior to the developer's obtaining a foundation permit and conducts periodic compliance reviews for POPS created after 2007.

To conduct their review, the auditors selected a sample of 34 POPS locations out of the 182 they previously found to be out of compliance with the applicable Zoning Resolution, and they analyzed DOB records to determine whether it had inspected those locations for POPS-compliance as of August 15, 2017 (118 days after the release of our audit report on April 18, 2017).

### Results

This review found that DOB has not brought all POPS locations into compliance. Based on the auditors' review of DOB's Building Information System (BIS), the auditors determined that DOB had visited only 8 of the 34 sampled POPS locations (fewer than a quarter) and that its inspections of those 8 sites were conducted as a result of complaints recorded in New York City's 311 system. According to BIS, DOB issued violation notices to four of the eight locations. However, only three of those charged violations were documented in BIS. As reported in BIS, of the three notices of violations issued, one resulted in the imposition of a monetary penalty of \$4,000, and the other two were awaiting administrative adjudication at the time of our review.

In addition as part of our follow-up review, in July and August 2017, the auditors re-inspected or attempted to re-inspect all 34 POPS locations in our sample to determine whether the conditions cited in the previous audit were corrected. Our review found that 32 locations still lacked at least some required amenities or continued to deny the requisite level of access to the public.

Based on the findings of this follow-up review, the auditors reissued the following three recommendations that DOB disagreed with in its original response.

- DOB should inspect all 333 POPS locations to ensure that they are in compliance with their agreements to ensure that they:
  - Are still in existence;
  - Provide the required amenities; and
  - Offer full public access as required.

In conjunction with this recommendation it is recommended that DOB prioritize inspections of the 182 noncompliant POPS locations identified in the original audit, treating the audit report and this follow-up as the equivalent of the kinds of complaints from the public that result in DOB inspections.

- DOB should develop a monitoring policy that requires all POPS to be inspected by DOB at sufficiently frequent intervals to ensure effective enforcement of the Zoning Resolution. Depending on history of compliance, some locations may require less frequent inspections, while others more frequent inspections.
- DOB should schedule inspections of the outdoor POPS locations during warmer months when certain types of non-compliance would more likely to be observed, such as use of a POPS by a restaurant for outdoor seating.

In its response, DOB stated it will comply with Local Law 116 of 2017 and inspect POPS on regular basis.

### **Audit Follow-up**

DOB reported that it is in the process of implementing two recommendations in accordance with Local Law 116. DOB disagreed with the recommendation to schedule inspections of the outdoor POPS during the warmer months.

## ADMINISTRATION FOR CHILDREN'S SERVICES

Audit Reports on EarlyLearn NYC Child Care Centers' Screening of Personnel through the Statewide Central Register of Child Abuse and Maltreatment

- All My Children Daycare and Nursery School (ME17-120A)
- Brightside Academy (ME17-119A)
- Educational Alliance's Lillian Wald Day Care Center (ME17-118A)
- Staten Island Mental Health Society (ME17-122A)

### Introduction

These audits were conducted to determine whether personnel working at each of these EarlyLearn NYC child care centers, operating under contracts with the New York City Administration for Children's Services (ACS), have been properly screened through the Statewide Central Register of Child Abuse and Maltreatment (SCR). Child care programs operating in the City, irrespective of whether they have a contract with ACS, must be licensed by the City Department of Health and Mental Hygiene and comply with City statutes and regulations that, among other things, require specific screening procedures for current and prospective personnel. New York City Health Code §47.19 requires that all child care center employees and volunteers undergo an SCR clearance review prior to being hired and every two years thereafter.

Child care centers are essential for many working families. They contribute to the overall development of children by providing education, recreation, and a safe and structured environment for children while their parents work.

### **EarlyLearn NYC: All My Children Daycare and Nursery School (All My Children)**

Audit #: ME17-120A

Comptroller's Audit Library #: 8563

Issued: March 20, 2018

Monetary Effect: None

All My Children operates an *EarlyLearn NYC* child care center for two to four year-old children at 317 Rogers Avenue in Brooklyn (and at nine other locations).

All My Children also operates a separate *EarlyLearn NYC* "family child care" network under the same contract with ACS. The network encompasses a total of 96 licensed "family child care" providers in Brooklyn and Queens, which All My Children supports and monitors through personnel assigned to the 317 Rogers Avenue site. Each provider in the "family child care" network is responsible for providing child care services in a home setting for up to 12 children who are 6 weeks to 4 years of age. This audit focused on the screening of personnel who work at the All My Children child care center located at 317 Rogers Avenue, including both the child care center employees and the network employees who support and monitor All My Children's "family child care" providers.

### Results

This audit found that some of the personnel working at All My Children had not been properly screened. This audit reviewed the SCR-clearance status of 25 individuals who were working as employees at the All My Children's child care center location at 317 Rogers Avenue in Brooklyn as of March 10, 2017, the date of the auditors' unannounced visit to the center, and found that for two employees, All My Children did not obtain the most recently required SCR clearances on time; one clearance was late by 8 days and the other by 24 days.

The audit also found that All My Children did not: (1) ensure that those employees or volunteers whose job functions require work across multiple sites have the central administrative office address on their SCR results; (2) prepare and maintain at each child care center appointment letters establishing the start dates for all of its new personnel (employees and volunteers) at the center; or (3) consistently maintain complete and readily-available personnel files at the child care center located at 317 Rogers Avenue in Brooklyn.

Based on the findings, the audit made a total of four recommendations to All My Children, including that it ensure that all of its personnel receive renewal SCR clearances within two years of their prior clearances, as required by the New York City Health Code, and that it maintain appointment letters for its new personnel.

In its written response, All My Children generally agreed with the audit's four recommendations and stated that it is in the process of implementing them as part of its best practices.

### **Audit Follow-up**

All My Children officials reported that all of the audit's recommendations have either been implemented or are in the process of being implemented. They further stated that they have requested authorization from the Department of Health and Mental Hygiene to receive SCR clearances at the center's central location, rather than at their personnel's actual work locations. Once authorization is received, SCR clearance letters will reflect the address of the center's central location.

#### **EarlyLearn NYC: Brightside Academy**

Audit #: ME17-119A

Comptroller's Audit Library #: 8553

Issued: January 8, 2018

Monetary Effect: None

Brightside Academy operated an *EarlyLearn NYC* child care center for pre-school children (i.e., children older than two but less than five years old) at 331 East 150<sup>th</sup> Street in the Bronx during Fiscal Year 2016 (July 1, 2015, through June 30, 2016). As of the date of this report, the Brightside Academy no longer provided *EarlyLearn NYC* services, but was still authorized to provide other child care services.

### **Results**

This audit found that some of the personnel working at the Brightside Academy had not been properly screened. The audit reviewed the SCR-clearance status of 23 individuals who were working as employees at the Brightside Academy's child care center as of December 1, 2016, the date of the auditors' unannounced visit to the center, and found that for 4 employees, the Brightside Academy did not obtain the most recently required SCR clearances on time; the clearances were late by periods that ranged from 6 days to almost 8 months (242 days). The audit also found other areas of concern, including that the Brightside Academy did not prepare and maintain appointment letters at the child care center establishing the start dates for its new personnel (employees and volunteers) and did not consistently maintain complete and readily-available personnel files at the child care center location.

Based on the audit findings, the audit made a total of three recommendations to the Brightside Academy, including that it ensure that all of its personnel receive renewal SCR clearances within two years of their prior clearances, as required by the City Health Code, and that it

maintain appointment letters for its new personnel, and complete and readily-available personnel files for all of its personnel at the child care centers where they work.

In its written response, the Brightside Academy agreed with the audit's recommendations.

### **Audit Follow-up**

Brightside Academy officials reported that all of the audit recommendations have been implemented. Specifically, they stated that new software has been instituted whereby expiring clearances are tracked; a document has been added to the hiring process to notify a new staff member of the effective start date; and a periodic audit process has been implemented to ensure that required documents are maintained at the centers in the employees' files.

### **EarlyLearn NYC: Educational Alliance's Lillian Wald Day Care Center (LWDCC)**

Audit #: ME17-118A

Comptroller's Audit Library #: 8533

Issued: October 3, 2017

Monetary Effect: None

LWDCC operates an *EarlyLearn NYC* child care center for two and three year-old children at 34 Avenue D in Manhattan (and at one other location).

### **Results**

This audit found that some of the personnel working at the LWDCC had not been properly screened. The audit reviewed the SCR-clearance status of 14 individuals who were working as employees or volunteers at LWDCC as of February 10, 2017, the date of the audit's unannounced visit to the center, and found that for nine individuals—eight employees and one volunteer—LWDCC did not obtain the most recently required SCR clearances on time; the clearances were late by periods that ranged from 27 days to more than 10 months (312 days).

The audit also found that for another employee, LWDCC had not received the required renewal SCR clearance at all; the clearance was more than one year and four months (502 days) late as of February 10, 2017. LWDCC apparently requested the required renewal SCR clearance for this employee on the date of the unannounced visit and then obtained the SCR clearance six days later. For another volunteer observed during the visit, the audit found that LWDCC had no personnel file or SCR clearance.

Based on the audit findings, the audit made a total of seven recommendations to the LWDCC, including that it ensure that its personnel receive the required initial SCR clearances before they start work and renewal SCR clearances within two years of their prior clearances as required by the New York City Health Code.

In its written response, the LWDCC agreed with the audit's seven recommendations.

### **Audit Follow-up**

LWDCC officials reported that the recommendations have been implemented. They further stated that the Department of Health and Mental Hygiene (DOHMH) has changed its position and no longer requires an employee's actual work address to be reflected on an SCR clearance letter. Instead, DOHMH has established a waiver process by which a child care center can clear staff through its central administrative office. Accordingly, the LWDCC has applied for and received such a waiver from DOHMH to clear all staff, regardless of their actual work addresses, through the center's central administrative office at 197 East Broadway in Manhattan, and to have the address of the central administrative office reflected on the clearance letter.

**EarlyLearn NYC: Staten Island Mental Health Society (SIMHS)**

Audit #: ME17-122A

Comptroller's Audit Library #: 8569

Issued: May 14, 2018

Monetary Effect: None

SIMHS operates an *EarlyLearn NYC* child care center for three to four year-old children at 16 Osgood Avenue in Staten Island (and at three other locations).

At a different location in Staten Island, SIMHS operates the Elizabeth W. Pouch Center for Special People (Pouch) program, which provides educational and therapeutic support services to children with special needs. Pouch program services are also provided to special needs children who are integrated with their mainstream peers in two classrooms at 16 Osgood in collaboration with the *EarlyLearn NYC* program. Finally, SIMHS maintains its headquarters elsewhere in Staten Island, where its human resources unit for all SIMHS personnel is located and the hiring of employees for the Pouch program is conducted. This audit focused on the screening of personnel who work at the SIMHS location at 16 Osgood, including *EarlyLearn NYC* and Pouch program employees and volunteers.

**Results**

This audit found that some of the personnel working at SIMHS had not been properly screened. This audit reviewed the SCR-clearance status of 35 individuals who were working at the SIMHS child care center at 16 Osgood as of February 2, 2017, the date of the auditors' unannounced visit to the center, and found that for nine employees, SIMHS had obtained the most recently required SCR renewal clearances late by periods that ranged from four days to more than two years and four months (866 days).

In addition, for three individuals (one employee and two volunteers), SIMHS had not obtained the most recently required SCR renewal clearances at all. As of the date of the auditors' visit, the three clearances were overdue by 19 days, 363 days, and 482 days (more than one year and three months), respectively. SIMHS subsequently obtained the required SCR renewal clearances for the three individuals about a year after the auditors' visit. For two employees whose SCR clearances were current as of the February 2, 2017 visit, the auditors were unable to determine whether SIMHS had obtained them in a timely manner, because their personnel files did not contain evidence of the dates of their previous SCR clearances.

The audit also found other areas of concern, specifically that SIMHS did not: (1) ensure that it provides the correct current work address information to the SCR for all of its personnel; (2) prepare and maintain at each child care center location copies of appointment letters that establish the start dates for all of the new personnel (*EarlyLearn NYC* and Pouch program employees) at the location; and (3) obtain from the New York City Department for the Aging appointment documentation that establishes the start dates for any "foster grandparent volunteers" providing services at its child care centers.

Based on the findings, the audit made a total of four recommendations to SIMHS, including that it ensure that all of its personnel receive renewal SCR clearances within two years of their prior clearances, as required by the New York City Health Code, and that it maintain appointment letters for its new personnel.

In its written response, SIMHS agreed with the audit's four recommendations and stated that it had already begun to implement them. SIMHS also stated that it had developed a new tracking system to ensure that SCR clearances are renewed within two years of the prior clearance.



**Audit Follow-up**

SIMHS reported that all of the audit recommendations have been implemented.

## ADMINISTRATION FOR CHILDREN'S SERVICES

Audit Report on the New York City Administration for Children's Services' Security Controls over Its Personally Identifiable Information at the Division of Preventive Services

Audit #: SI18-060A

Comptroller's Audit Library #: 8587

Issued: June 22, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Administration for Children's Services (ACS) Division of Preventive Services (DPS) properly secures personally identifiable information (PII) from unauthorized access and has adequate security controls over PII that is being collected and stored.

ACS is responsible for protecting the safety and promoting the well-being of New York City's children and strengthening their families by providing child welfare, child care, and early education services. DPS is the unit of ACS that oversees the delivery and monitoring of preventive services for children and families in their communities through contracted service providers. Among its services are in-home family counseling, support groups for parents and youth, and homemaking services.

To accomplish its varying tasks, DPS uses several specialized computer applications. The agency's critical applications may contain PII that is private, sensitive, and/or confidential, including names, addresses, social security numbers, and medical information. ACS is responsible for ensuring that security controls are in place to protect the PII collected and stored.

### Results

The audit found that ACS has established policies, procedures, and guidelines for access control, data protection, and data classification to protect the PII that is collected and stored by DPS. However, the audit found several weaknesses in the agency's access controls, including inactive network user accounts that were not disabled and passwords for certain remote user accounts that never expired. In addition, ACS did not comply with the New York City Department of Information Technology and Telecommunications' (DoITT's) Password Policy with respect to two critical applications, did not properly monitor access to its critical applications by external service providers, and did not properly limit users' access privileges in one application.

Further, the audit found security control weaknesses in ACS' computer environment, including an inadequate encryption policy for stored data and the agency's use of outdated operating systems that the manufacturer no longer supports. ACS provided no evidence that it had addressed reported software vulnerabilities and suspicious activities that required immediate action to prevent potential security breaches, and the agency did not have a formal agency-wide disaster recovery plan for critical applications hosted at ACS' data center. Finally, our field visits to sites operated by external service providers found insufficient physical security over the PII that the providers collected, stored, and disposed of.

To address the issues raised, this audit makes 17 recommendations to ACS, including the following:

- Ensure that all inactive network user accounts are immediately disabled and periodically review user account activity to ensure that only active users and providers have access.
- Develop and implement strong remote-user-access policies and procedures, including but not limited to a password-expiration policy that complies with DoITT's standards, to ensure that only authorized users have access to ACS' network.

- Immediately review and reassess all application user accounts to ensure that each user is currently authorized and needs access.
- Develop a password policy and procedure that requires default passwords be changed periodically and comply with DoITT's Password Policy.
- Ensure that all private, sensitive, and confidential information stored in the database and backup tapes is encrypted.
- Assess all hardware and software in use by the agency and ensure that the versions are up to date.
- Review all users' access to agency information systems and ensure that users are given access to only those features necessary to perform their job duties.
- Develop a formal agency-wide disaster recovery plan for critical applications that are hosted in the ACS data center.
- Properly store client records in locked secure locations with access limited to only authorized personnel.

In its response, ACS generally agreed with the audit's 17 recommendations.

### **Audit Follow-up**

ACS reported that all of the audit recommendations have either been implemented or are in the process of being implemented.

**CITY UNIVERSITY OF NEW YORK****Audit Report on the Borough of Manhattan Community College's Controls over Technology Fees**

Audit #: FK18-103A

Comptroller's Audit Library #: 8598

Issued: June 28, 2018

Monetary Effect: None

**Introduction**

This audit was conducted to determine whether the Borough of Manhattan Community College's (BMCC's) Student Technology Fee (STF) expenditures were reasonable, appropriate, adequately supported, and properly authorized.

The City University of New York (CUNY) has 24 colleges in New York City, including BMCC. BMCC students are charged tuition and fees, including the STF, which is used to improve technology-related services for the benefit of students and faculty. Each year, BMCC has a STF Committee, chaired by the BMCC Vice President of Information Technology that consists of school administrators, faculty and students, who help determine how the college's STF funds will be used in the following academic year. CUNY asks its colleges, including BMCC, to maintain "significant student representation" on their STF Committees. Once the STF Committee decides which STF-funded projects should be approved, the STF Committee Chair compiles the proposals into a STF Plan that is submitted for review and approval.

During Academic Year 2016-2017, students were charged \$62.50 or \$125 per semester depending on whether the student was enrolled part-time or full-time, respectively. During Fiscal Year 2017, BMCC collected \$5,585,533 and expended \$4,906,520 in STF funds.

**Results**

The audit found that BMCC's STF expenditures were generally appropriate, adequately supported, and properly authorized. However, BMCC did not ensure that STF expenditures were fairly and reasonably priced. We sampled 27 STF expenditures totaling \$876,534. For 14 of those expenditures, totaling \$207,126, BMCC obtained commodities and services through non-competitive procurement processes but did not properly document that the resulting procurements were justifiable and appropriate and that it obtained fair and reasonable prices.

In addition, CUNY and BMCC did not have adequate policies and procedures governing STF Committee formation and composition, and the allowable use of STF funds. Furthermore, CUNY and BMCC did not have any policies and procedures for the solicitation and evaluation of proposed STF-funded projects, the review and approval of STF Plans and the tracking of budgeted and actual STF expenditures.

In the absence of clearly defined policies and procedures, BMCC and other CUNY colleges incur an increased risk of not properly planning, developing and implementing STF Plans. Among other things, we found, that: BMCC and other CUNY colleges may not have maintained the "significant" student representation on STF Committees as required; BMCC may not have allowed STF Committee Members adequate time to evaluate, review and discuss STF-funded project proposals; and CUNY did not provide BMCC with timely feedback and approval.

In other matters, BMCC did not ensure that STF funds were fully used to improve technology-related services for the benefit of students and faculty. In addition, CUNY did not ensure that 15 of its 24 colleges posted their complete Academic Year 2016-2017 STF Plans on their websites as required.

To address these issues, we made a total of nine recommendations, two to BMCC and seven to CUNY. We recommended that BMCC should ensure that its Purchasing Department obtains Non-competitive Justification Memos from end-users and makes written determinations as to whether or not sole source and single source procurements are appropriate. At the same time, CUNY should implement policies and procedures that describe the roles and responsibilities of the various individuals who are responsible for planning, developing and implementing colleges' STF Plans; define "significant student representation"; provide colleges with feedback on their STF Plans each year; formally approve STF Plans; assess colleges' technology needs and ensure that the fees charged are appropriate; monitor colleges' budgeted and actual expenditures of STF funds; and review colleges' websites to ensure that they publicly post their STF Plans each year.

In its response, BMCC agreed with the two recommendations that were addressed to it, and CUNY agreed with five of the seven recommendations made to it. CUNY did not address the remaining two recommendations: that it formally approve colleges' STF Plans; and that it assess colleges' technology needs and ensure that the fees charged are appropriate.

### **Audit Follow-up**

BMCC reported that it has implemented both audit recommendations.

CUNY reported that it has either implemented or is in the process of implementing the five recommendations that it agreed with and did not address the remaining two recommendations in its status report.

**CITY UNIVERSITY OF NEW YORK**

Audit Report on Eugenio Maria de Hostos Community College's Controls over Student Activity Fees

Audit #: MD17-136A

Comptroller's Audit Library #: 8543

Issued: December 19, 2017

Monetary Effect: None

**Introduction**

This audit was conducted to determine whether: 1) all student activity fees collected were turned over to the Eugenio Maria de Hostos (Hostos) Community College Association; and 2) the expenses incurred by the Hostos Association and funded by student activity fees were reasonable, appropriate, and in compliance with prescribed guidelines and bylaws.

As part of their tuition payments, full-time and part-time students pay student activity fees for student government and other student activities. According to the City University of New York (CUNY) Bylaws, Article XVI, the College Association (Hostos Association) has the responsibility to supervise and review budgets for programs that are supported by student activity fees. The fees, when collected, must be turned over to the Hostos Association, and the expenses they support must be reasonable, appropriate, and in compliance with prescribed guidelines and bylaws.

At Hostos, full-time and part-time students pay \$61.75 and \$28.25 respectively in student activity fees per semester. Based on the college's reported student enrollment figures, \$723,319 in student activity fees should have been collected in Fiscal Year 2017 (summer 2016, fall 2016, and spring 2017).

**Results**

The audit determined that all student activity fees collected from Hostos Community College students during Fiscal Year 2017 were turned over to the Hostos Association. However, in many instances the auditors could not determine whether the expenses were reasonable and appropriate due to significant deficiencies with disbursement vouchers, including inadequate supporting documentation and non-compliance with prescribed guidelines. The audit determined that Hostos did not maintain a list of persons authorized to approve and certify disbursement vouchers. In addition, there were inappropriate certifying signatures on some disbursement vouchers, food and gift card purchases were inadequately supported, there was no evidence that Hostos obtained bids or price comparisons for a significant number of sampled purchases, and there was inadequate segregation of duties over a number of procurements.

The audit made 13 recommendations, including:

- Ensure that signature cards are maintained for all entities or that signatories are documented in some other manner.
- Reinstruct staff charged with approving disbursement vouchers to verify the signatories, and ensure that the disbursement vouchers are complete.
- Ensure that food purchases have adequate supporting documentation, including signed attendance sheets.
- Require evidence of receipt for all types of monetary awards including gift cards.
- Ensure that bidding or price research is conducted to ensure that prices are reasonable.

- Ensure that functions are adequately segregated or implement other compensating controls including additional supervisory review.

In its response, Hostos agreed with the audit's 13 recommendations.

### **Audit Follow-up**

Hostos reported that all audit recommendations have either been implemented or are in the process of being implemented.

## CIVILIAN COMPLAINT REVIEW BOARD

### Audit Report on the Civilian Complaint Review Board's Controls over Its Inventory of Computers and Related Equipment

Audit #: MD18-067A

Comptroller's Audit Library #: 8571

Issued: May 23, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Civilian Complaint Review Board (CCRB) had adequate controls over its inventory of computers and related equipment.

The CCRB is an independent agency that was established by Local Law #1 of 1993. It receives, investigates, prosecutes, mediates, hears, makes findings, and recommends action on complaints alleging the use of excessive or unnecessary force, abuse of authority, discourtesy, or the use of offensive language by New York City Police Officers. The CCRB consists of 13 members of the public who are City residents and reflect the diversity of the City's population.

Computers and related equipment (including mobile devices) play a vital role in helping CCRB staff achieve the agency's mission. Among other things, investigation squads are assigned cameras, recorders, laptops, and other mobile devices to use in the field.

The CCRB's Management Information System (MIS) Unit and Operations Unit each have responsibilities for managing the agency's inventory of computers and related equipment. The MIS unit is responsible for tracking the CCRB's inventory of network appliances, servers, laptops, printers, and desktop computers, while the Operations Unit maintains the CCRB's inventory of smartphones, desk phones, iPads, voice recorders, and cameras. Each unit maintains its inventory records in Excel spreadsheets, which as of July 31, 2017, included 912 items tracked by the MIS unit and 166 devices tracked by the Operations Unit.

### Results

The audit found that CCRB's controls over its inventory of computers and related equipment are deficient in a number of areas. Although the auditors were able to locate 96 percent of the sampled equipment listed in the CCRB's inventory records, the audit found that the inventory lists maintained by the CCRB contained inaccurate and incomplete information for some of the listed equipment items and did not list other items that were in the CCRB's custody.

In addition, although the CCRB uses sequential, pre-numbered property tags to account for its equipment, the audit identified numerous missing sequential tag numbers that the CCRB could not account for. In the absence of an accounting or a verifiable explanation for why those tag numbers were missing from the CCRB's inventory records, auditors were unable to ascertain whether they had been assigned to equipment that was not listed in the CCRB's inventory records or whether they had been skipped, that is, never issued or used by the CCRB. The audit also found items in the CCRB's custody that did not have number-tags affixed and items that were listed in the CCRB's inventory records without tag numbers.

Further, the audit found that equipment serial numbers for the CCRB's Cisco desk phones are not tracked, making it difficult to account for those items and consequently increasing the risk that they could be misappropriated or lost without detection. Other deficiencies noted in the audit include that the CCRB: (1) does not ensure that obsolete items are relinquished; (2) has inadequate



written inventory policies; and (3) maintains an inadequate segregation of duties in relation to its computer equipment management.

Finally, the audit found that the CCRB does not adequately monitor the use of its mobile devices and incorrectly charged expenses to the budget code 332 (computer equipment) in the City's Financial Management System.

The audit made 10 recommendations, including:

- The CCRB should strengthen its inventory management controls to ensure that all equipment is properly accounted for, assigned to the correct employee, tagged, and secured.
- The CCRB should ensure that tag numbers are sequentially assigned to all equipment and tracked.
- The CCRB should ensure that Cisco phones are recorded in inventory records along with their serial numbers, and that the phones are tagged.
- The CCRB should comply with OSA's relinquishment policy and ensure that all unused computers and related equipment presently in storage is relinquished in accordance with the requirements.
- The CCRB should ensure that key responsibilities for the management of the inventory of computers and related equipment are adequately segregated or institute compensating controls if a segregation of responsibilities is not feasible.
- The CCRB should ensure that its records reflecting all authorized users of all of its mobile devices are updated, made complete and accurate, and reconciled with its monthly billing statements for mobile device usage, so that it pays only for wireless services actually provided to authorized employees.
- The CCRB should ensure that its payments are charged to the correct object codes.

In its response, the CCRB agreed with the audit's 10 recommendations.

### **Audit Follow-up**

The CCRB reported that the audit recommendations have either been implemented or are in the process of being implemented.

## OFFICE OF COLLECTIVE BARGAINING

Audit Report on the Office of Collective Bargaining's Controls over Its Inventory of Computers and Related Equipment

Audit #: MH18-068A

Comptroller's Audit Library #: 8573

Issued: May 29, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Office of Collective Bargaining (OCB) maintains adequate controls over its inventory of computers and related equipment.

OCB is an independent, non-mayoral agency established in 1967 to administer and enforce the provisions of the New York City Collective Bargaining Law. OCB is authorized by the City Charter to resolve questions concerning union representation and to adjudicate issues concerning collective bargaining, retaliation, or discrimination based on union activity and the union's duty of fair representation.

OCB maintains an inventory list of the agency's computers and related equipment in a Microsoft Excel file. Computers and related equipment purchased by OCB, such as desktops, laptops, monitors, tablets, projectors, printers, and smart TVs, are identified in the City's Financial Management System (FMS) under object code 332 (Purchases of Data Processing Equipment). For Fiscal Years 2016 and 2017, OCB's expenditures for computers and related items was \$82,545.

### Results

This audit found deficiencies in OCB's controls over its inventory of computers and related equipment. OCB's inventory records were not consistently accurate in that its inventory list included equipment that was no longer in the agency's possession, excluded equipment that was in the agency's possession at the time of the auditors' count, recorded several items more than once, and recorded incorrect serial numbers and tag numbers for some of the equipment. Further, although OCB informed the auditors that it conducts inventory counts at least once each year, the agency did not maintain any supporting documentation, such as "count sheets," and consequently the auditors could not verify that such counts were conducted. The audit also found that not all tag numbers were accounted for, which diminishes their effectiveness as a control mechanism.

At the same time, the audit found that OCB has adequate controls relating to the physical safeguarding of the computers and related equipment in its inventory. All entrances and exits to the office are under constant camera surveillance, and staff areas are only accessible via authorized key cards. OCB also has automated asset tracking systems that enable the agency to track items' locations and identify them using their serial numbers. The audit also found that OCB had adequate controls over the relinquishment of obsolete items.

To address these issues, the audit made six recommendations to OCB, including the following:

- OCB should adhere to the Department of Investigation's *Standards for Inventory Control and Management* (DOI Standards) and ensure that its computers and related inventory records are complete and consistently accurate.
- OCB should perform and document an annual inventory count of its entire inventory of computers and related equipment in accordance with the DOI Standards.

- OCB should ensure that it issues its identification tags in sequential order, one roll at a time, when tagging its computers and related equipment.

OCB agreed with and stated that it implemented all six of the audit's recommendations.

### **Audit Follow-up**

OCB reported that all of the audit recommendations have been implemented.

## **NEW YORK CITY COMPTROLLER'S OFFICE**

Cost Allocation Plan Fiscal Year 2017

Report #: SR18-085S

Comptroller's Audit Library #: 8611

Issued: November 8, 2017

Monetary Effect: None

### **Introduction**

The Cost Allocation Plan of the City of New York is used to identify and distribute allowable indirect costs of certain support services to City agencies. A portion of these costs may eventually be passed on to programs eligible for federal funding, and thus be reimbursed to the City.

The New York City Comptroller's Office review of its own costs resulted in a summary schedule that was sent to the Office of Management and Budget (OMB) for inclusion in the City's Cost Allocation Plan. The schedule indicated, by bureau, the staff time spent providing services to various City agencies during Fiscal Year 2017.

### **Results**

A letter report was issued to the OMB indicating various statistics for inclusion in its annual Cost Allocation Plan.

## CONFLICTS OF INTEREST BOARD

Audit Report on the Conflicts of Interest Board's Oversight over Collection and Reporting of Enforcement Fines

Audit #: FK17-068A

Comptroller's Audit Library #: 8550

Issued: December 27, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Conflicts of Interest Board (COIB) ensured that violators paid fines, and properly safeguarded and accurately reported fines that it collected.

The COIB is responsible for administering, enforcing, and interpreting Chapter 68 of the New York City Charter, the City's Conflicts of Interest Law. The Conflicts of Interest Law prohibits certain types of holdings, employment positions, and conduct by the City's public servants to prevent conflicts between their public duties and private interests and covers such topics as gifts, outside employment, business-ownership interests, volunteering, political activities, and misuse of position.

The Charter authorizes the COIB to receive complaints; direct the New York City Department of Investigation to conduct investigations; impose fines of up to \$25,000 for violations of the Conflicts of Interest Law; and order payment to the City for the value of any gain or benefit obtained as a result of the violation. The COIB also publishes advisory opinions on issues that may arise regarding the application of the Conflicts of Interest Law and collects and reviews the annual financial disclosures submitted by City employees.

The COIB collects cash receipts related to enforcement fines, annual disclosure fines, and fees for copying COIB documents. This audit examined only the COIB's controls over the collection and reporting of enforcement fines. In its 2016 Annual Report, the COIB reported that it closed 429 enforcement cases. Of those cases, the COIB determined that the Conflicts of Interest Law had been violated in 56 cases, and imposed fines in 54 cases. Further, the COIB reported that it collected \$110,150 in fines from violators.

### Results

The audit found that the COIB did not adequately safeguard enforcement fines that were collected, in that it did not deposit cash receipts, consisting of checks and money orders, in a timely manner and did not properly secure these items pending their deposit. Consequently, enforcement fines were susceptible to risk of misappropriation or loss. In addition, the COIB did not collect enforcement fines in a timely manner and this increased the risk that these sums could potentially remain uncollected.

Specifically, the audit found that the COIB did not deposit 48 of the 49 payments totaling \$68,550 collected in Fiscal Year 2016 in accordance with Directive #11. In addition, the audit found that the COIB did not place restrictive endorsements on incoming checks and money orders as they were received, and did not secure checks and money orders awaiting deposit in a locked safe. The audit also found that the COIB did not ensure that violators paid fines by their due dates in 33 out of the 38 cases for which fines were imposed during Fiscal Year 2016.

To address these issues, the audit made six recommendations, including that the COIB should:

- Deposit all cash receipts in the bank on at least a daily basis.
- Accurately represent its internal control structure in its Directive #1 Checklist.

- Place restrictive endorsements on incoming checks and money orders as soon as they are received.
- Secure checks and money orders awaiting deposit in a locked safe which has a combination that is changed periodically and known to few individuals.
- Ensure that all fines are collected in accordance with the Enforcement Dispositions.
- Document its efforts to collect fines that are not paid in accordance with the Enforcement Dispositions.

In its response, the COIB agreed with the three recommendations related to the accuracy of its Directive #1 Checklist and the security of cash receipts awaiting deposit. In addition, the COIB contended that it is already in compliance with the recommendation that it document its collection efforts. However, since the COIB did not provide us with documentation of its collection efforts, we cannot determine the validity of its claim. The COIB did not agree with the recommendations to ensure that all fines are collected in accordance with the Enforcement Dispositions and deposit them upon receipt.

### **Audit Follow-up**

The COIB reported that it implemented the four recommendations related to the accuracy of its Directive #1 Checklist, the security of cash receipts awaiting deposit, and documenting its collection efforts. The COIB did not agree to ensure that fines are collected in accordance with its Enforcement Dispositions and deposit them upon receipt. Instead, the COIB stated that “[n]o enforcement disposition is presented to the Board for its approval without the agreed-upon fine having been collected” and that “the Board began, in response to the Audit, to deposit cash receipts on a weekly basis.”

## DEPARTMENT OF CULTURAL AFFAIRS

Audit Report on the Department of Cultural Affairs' Controls over Its Inventory of Computers and Related Equipment

Audit #: MJ18-072A

Comptroller's Audit Library #: 8582

Issued: June 19, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City (City) Department of Cultural Affairs (DCLA) had adequate controls over its inventory of computers and related equipment in compliance with applicable rules and regulations.

DCLA is responsible for supporting and strengthening the City's vibrant cultural life. One of its primary missions is to ensure adequate public funding for non-profit cultural organizations, both large and small, throughout the five boroughs. In doing so, DCLA helps to support non-profit cultural organizations involved in the visual, literary and performing arts; public-oriented science and humanities institutions, including zoos, botanical gardens, and historic and preservation societies; and creative artists at all skill levels who live and work within the City's five boroughs. Through its Materials for the Arts (MFTA) Program, DCLA provides free supplies for use in arts programs offered by non-profit groups and City public schools.

DCLA utilizes and maintains an inventory of computers and related equipment at two locations: its main offices in Manhattan and the MFTA warehouse located in Queens. A master inventory list of these items is maintained in a Microsoft Excel file, in which DCLA had recorded a total of 194 computers and related equipment items as of October 13, 2017.

During Fiscal Year 2017, DCLA expended \$6,815,645 for its Office of the Commissioner, consisting of \$4,872,115 for personal services and \$1,943,530 for other than personal services (supplies, materials and services necessary to support agency operations). According to DCLA officials, the agency purchased 133 computers and related items, totaling \$137,420, in Calendar Years 2013 through 2015.

### Results

The audit found that DCLA had not instituted adequate controls over the agency's inventory of computers and related equipment. DCLA did not have a comprehensive written procedures manual and only provided limited policies and procedures for the management of its computer-related inventory, which could have contributed to the issues identified in this audit. Specifically, the audit found that DCLA did not have an adequate segregation of duties in the management of its computers and related inventory; had insufficient evidence that the agency performed the required periodic inventory counts; failed to affix sequentially numbered property identification tags on its computers and related equipment, as required; and had inadequate physical safeguards of the computer inventory at one of its storage locations. As a possible consequence of the inadequate safeguards, DCLA discovered, during the course of the audit, an apparent theft of three computers that might have been prevented if appropriate controls had been in place.

Further, the audit found that DCLA's inventory records were incomplete and inaccurate. The inventory records reviewed included equipment that auditors could not find in the agency's possession and excluded other equipment that was found in the agency's possession. Additionally, the records did not include the purchase dates of the computers and related items, which could be used by DCLA as part of a determination of whether those items need to be

relinquished. Moreover, DCLA does not have a consistent process for relinquishing its inventory and did not maintain adequate documentation supporting its relinquishment of its computers and related equipment.

DCLA's failure to institute adequate controls over its inventory operations significantly increases the risk of waste, fraud and mismanagement.

The audit made 12 recommendations, including that DCLA: create a comprehensive, written manual of its inventory-management policies and procedures that delineate its staff's responsibilities for computers, computer-related equipment and other assets; perform and document annual inventory counts of its entire inventory and ensure that all discrepancies are independently investigated; utilize appropriate identification tags that are affixed on all computers and related equipment; and comply with the City's inventory relinquishment policy and ensure that it adopts a consistent process and formalizes its procedures for relinquishing its computers and related items.

In its response, DCLA stated that it generally agreed with the 12 recommendations.

### **Audit Follow-up**

DCLA reported that all of the audit's recommendations have either been implemented or is in the process of being implemented.



## BRONX COUNTY DISTRICT ATTORNEY

Letter Report on the Bronx County District Attorney's Office's Inventory Practices

Audit #: FP17-123AL

Comptroller's Audit Library #: 8544

Issued: December 20, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Bronx County District Attorney's Office (BCDA) maintains a reliable and effective internal control system over inventory as required by New York City Comptroller's Directive #1, *Principles of Internal Control and Financial Integrity Statement*, Comptroller's Directive #18, *Guidelines for the Management, Protection, and Control of Agency Information and Information Processing Systems*, and the New York City Department of Investigation's *Standards for Inventory Control and Management* (DOI Standards).

The City's five District Attorneys (DAs) are each elected to terms of four years and are responsible for investigating and prosecuting crimes, assisting victims, and implementing crime prevention strategies in their respective boroughs. The operations of the DAs' offices are primarily funded by the City Treasury. They also receive federal and State asset forfeiture funding, as well as grants.

The BCDA purchases computers, laptops, printers, servers, and network devices using multiple funding sources, specifically but not limited to, capital funds approved by the City's Office of Management and Budget as well as grant funds, which include funding provided by the U.S. Department of Justice and Federal Asset Forfeiture funds. During the audit scope period of Fiscal Year 2017, the BCDA purchased 1,137 office equipment items for a total of \$1.4 million.

### Results

The audit found several weaknesses that the BCDA should address to strengthen its controls over inventory. For example, although the BCDA has written policies and procedures for inventory-management, those policies mainly concern capital assets and follow Comptroller's Directive #10, *Charges to the Capital Projects Fund*. The BCDA's policies and procedures do not, however, include procedures for safeguarding other, non-capital assets, as required by Comptroller's Directive #1 and the DOI Standards.

In addition, a review of the BCDA's policies and procedures found, and the BCDA's staff confirmed, that when conducting annual inventory counts, the BCDA does not include items such as computers and printers held in stock in its storage room for later use. The audit also found that the BCDA did not record furniture in its inventory list or include it in the BCDA's annual inventory count.

To address these issues the audit made the following three recommendations to the BCDA:

- Ensure that assets maintained in storage are included in its annual inventory count.
- Tag and include in inventory records all office equipment with a useful life of more than one year, including furniture, as required by the DOI Standards.
- Evaluate current policies and procedures and ensure that they are in compliance with the Comptroller's Directive #1 and the DOI Standards.

In its response to the audit, the BCDA did not dispute the report's findings and stated that they were "gratified by the Comptroller's overall finding that our office maintains sound inventory controls and appreciate your recommendation of where we may be able to strengthen our procedures."

### **Audit Follow-up**

The BCDA reported that it has either implemented or is in the process of implementing the three audit recommendations. The BCDA stated that it has not yet conducted its annual physical inventory, but plans to include IT assets in its next physical inventory.

## KINGS COUNTY DISTRICT ATTORNEY

### Audit Report on the Kings County District Attorney's Office's Inventory Practices

Audit #: FK17-112A

Comptroller's Audit Library #: 8546

Issued: December 21, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Kings County District Attorney's Office (KCDA) maintains a reliable and effective internal control system over inventory as required by New York City Comptroller's Directive #1, *Principles of Internal Control and Financial Integrity Statement*, Comptroller's Directive #18, *Guidelines for the Management, Protection, and Control of Agency Information and Information Processing Systems*, and the New York City Department of Investigation's *Standards for Inventory Control and Management* (DOI Standards).

The City's five District Attorneys (DAs) are each elected to terms of four years and are responsible for investigating and prosecuting crimes, assisting victims, and implementing crime prevention strategies in their respective boroughs. The operations of the DAs' offices are primarily funded by the City Treasury. They also receive federal and State asset forfeiture funding, as well as grants.

The KCDA operates out of six office locations across Brooklyn using equipment and office furniture purchased centrally by its Procurement Department. From a review of the KCDA's purchasing records, it is estimated that during Calendar Year 2016, the KCDA purchased equipment and furniture at a total cost of \$376,598, consisting of \$226,951 paid from federal and State asset forfeiture funds that the KCDA disbursed directly through its agency-administered bank accounts and credit cards, and \$149,648 paid from City and grant funds disbursed through the City's Financial Management System. The KCDA manages its equipment inventory through a decentralized structure, in which six different departments are individually responsible for maintaining their respective inventories.

### Results

The audit found that the KCDA did not maintain accurate and complete inventory records in that it did not post additions, deletions, and other changes to inventory records promptly and did not record all required asset information in its inventory records. By not maintaining accurate and complete inventory lists, the KCDA increases its risk that items could be misplaced, lost, or stolen without detection. In that regard, the audit found that the KCDA could not account for 7 of 419 sampled items (1.7 percent) selected for physical inventory inspection. The seven missing items consisted of four pieces of computer equipment, two cameras, and a DVD player.

In addition, the audit found that the KCDA did not maintain adequate controls over inventory. Specifically, the KCDA departments responsible for inventory either did not conduct periodic inventory counts or did not document count results, investigate discrepancies, and update inventory records as required by the DOI Standards and Comptroller's Directive #18. Finally, the KCDA did not segregate inventory duties among staff and document policies and procedures in writing and communicate them to staff.

To address these issues, the audit made a total of 10 recommendations, including that the KCDA should:

- Investigate the seven items that could not be accounted for during inventory inspections and report any missing equipment items to the appropriate authorities;

- Periodically reconcile purchasing and inventory records to ensure that it records all non-consumable goods in its inventory records;
- Develop a procedure to ensure that changes in asset location and status are reported to individuals responsible for updating inventory records;
- Conduct periodic inventory counts, document count results, investigate any discrepancies, and update inventory records, as needed;
- Segregate the duties for receiving, inspecting, and tagging equipment items, and updating and maintaining inventory records; and
- Document inventory policies and procedures in writing and communicate them to staff.

In its response, the KCDA agreed with nine recommendations and disagreed with part of a tenth while agreeing with the rest of it. The KCDA stated, “[w]hile we appreciate the careful examination of our Inventory Practices and agree with a vast majority of the comments and suggestions proposed in the Report, we disagree with one of your findings and recommendations” regarding the inventorying and tagging of furniture.

### **Audit Follow-up**

The KCDA stated that “[a]s part of our efforts to address the inventory related issues raised in the audit report, the agency has acquired and is implementing an asset management solution . . . that will consolidate all bureau’s asset management activities into a single system. This system is integrated with the service management and the procurement activities of the agency, and will provide a comprehensive tool to track and manage the lifecycle of assets from procurement through relinquishment.”

Further, the KCDA reported that it implemented or will implement most of the audit recommendations. However, the KCDA did not address the three audit recommendations related to conducting an office-wide inventory count to ensure that its inventory records include all equipment and furniture items that have a useful life of more than one year, ensuring that property identification tags are assigned and affixed to valuable furniture items, and ensuring that its written policies and procedures include the requirements established in the DOI Standards and Comptroller’s Directives.

## QUEENS COUNTY DISTRICT ATTORNEY

Letter Audit Report on the Queens County District Attorney's Office's Inventory Practices

Audit #: FN17-103AL

Comptroller's Audit Library #: 8549

Issued: December 27, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Queens County District Attorney's Office (QCDA) maintained a reliable and effective internal control system over inventory in accordance with Comptroller's Directive #1, *Principles of Internal Control*, Comptroller's Directive #18, *Guidelines for the Management, Protection and Control of Agency Information and Information Processing Systems*, and the Department of Investigation's (DOI's) *Standards for Inventory Control and Management* (DOI Standards).

The City's five District Attorneys (DAs) are each elected to terms of four years and are responsible for investigating and prosecuting crimes, assisting victims, and implementing crime prevention strategies in their respective boroughs. The operations of the DAs' offices are primarily funded by the City Treasury. They also receive federal and State asset forfeiture funding, as well as grants.

The QCDA operates out of three main office locations in Queens using equipment purchased centrally by its Purchasing Department. Based on information extracted from the City's Financial Management System and QCDA's financial records, the audit determined that the QCDA expended \$918,176 and \$290,004 for the purchase of office equipment and motor vehicles during Fiscal Years 2016 and 2017, respectively.

### Results

The audit found that the QCDA generally adhered to applicable policies and standards for safeguarding assets that the agency considers of material value. However, the audit identified several weaknesses within the QCDA's inventory practices that the QCDA should address to strengthen its controls.

In particular, certain types of asset-identifying information called for by the QCDA's inventory policy and the DOI Standards, such as asset tag number, item description, model, serial number, and location, were missing from some of the QCDA's inventory records. Specifically, the review of the QCDA's 2017 inventory records found that 385 of 5,075 listed items (7.6 percent) lacked at least one of the abovementioned types of information. Of those 385 inventory records, 230 were associated with the QCDA's active cellular phones, which had not been tagged as prescribed by the QCDA's policy and the DOI Standards. In the absence of such tagging, the QCDA's ability to readily determine whether its listed assets are in their assigned locations or with their assigned users may be impeded, and the unmarked devices may be more susceptible to theft and loss.

The audit also found that QCDA failed to maintain inventory records of the 96 inactive cellular phones in a storage cabinet during the physical inspection of the QCDA inventory. Moreover, the comparison of the QCDA's 2015, 2016, and 2017 inventory records identified 37 pieces of equipment that were removed from the inventory lists but the QCDA did not provide documentation to show that the items were properly disposed of and/or correctly removed from its records.

Lastly, in its Comptroller's Directive #1 Financial Integrity Statement filing for 2016, the QCDA indicated that its physical inventories were conducted and supervised by individuals independent of the departments responsible for maintaining the assets. However, during the audit, the QCDA

stated that the agency's annual physical inventories were conducted and supervised by the same staff who were also responsible for receiving, tagging, and recording the equipment in the inventory records. Those overlapping responsibilities might compromise the assigned staff's ability to perform and supervise the inventory counts and report discrepancies to management objectively and impartially, in that their work in connection with the inventory counts would involve reviewing their own work in receiving, tagging, and recording the assets. Moreover, the QCDA did not maintain worksheets or other documentation that would identify the individuals who performed and supervised its inventory counts. Finally, the audit found that the QCDA's inventory policy did not provide detailed guidance on the corrective actions that should be taken when an inventory count reveals a discrepancy. These conditions present a risk that such discrepancies and related issues might not be properly identified, communicated to management, and addressed with corrective action through the QCDA's inventory counts.

The audit recommended that the QCDA strengthen its inventory policy and practices to:

- Ensure that its inventory records are updated to include all essential asset-identifying information.
- Include specific inventory guidelines for cellular phones and determine whether the requirement of tagging them remains practical or whether alternative controls should be developed and ensure that its policy, once determined, is followed and enforced.
- Require inactive cellular phones to be recorded its inventory records and update its current inventory records to include the inactive cellular phones and all other equipment not previously included.
- Ensure that all items removed from inventory have been properly relinquished and that appropriate documentation supporting the removal of the items from the inventory records is maintained.
- Ensure that the annual physical inventory counts are conducted and supervised by staff who are not involved in managing the inventory on a day-to-day basis.
- Include guidelines of detailed corrective actions that should be taken when issues are identified during inventory counts.

In its response, the QCDA stated, "[w]e are pleased with your overall positive findings that this office adheres to applicable policies and standards for the safeguarding and disposing of assets. We take our responsibilities in this area seriously and are committed to both maintaining strong internal controls and inventory practices and to enhancing policies and practices, where needed."

### **Audit Follow-up**

The QCDA reported that all of the audit recommendations have been implemented.

## **RICHMOND COUNTY DISTRICT ATTORNEY**

Audit Report on the Financial and Operating Practices of the Richmond County District Attorney's Office

Audit #: FK18-102A

Comptroller's Audit Library #: 8597

Issued: June 28, 2018

Monetary Effect: None

### **Introduction**

This audit was conducted to determine whether the Richmond County District Attorney's Office (RCDA) maintained adequate fiscal controls over Personal Services (PS) and Other Than Personal Services (OTPS) expenditures as required by applicable rules, regulations, and policies and procedures.

The City's five District Attorneys (DAs) are each elected to terms of four years and are responsible for investigating and prosecuting crimes, assisting victims, and implementing crime prevention strategies in their respective boroughs. The operations of the DAs' offices are primarily funded by the City Treasury. They also receive federal and State asset forfeiture funding, as well as grants.

The RCDA's PS expenditures are centrally managed through its Human Capital Unit, which is responsible for overseeing payroll, timekeeping, and personnel functions. The RCDA's OTPS expenditures are centrally managed through its Administration Unit, which includes the Procurement and Fiscal Units. The RCDA Procurement Unit is primarily responsible for processing expenditures through the City's Financial Management System and maintaining all supporting documentation related to those expenditures. The RCDA Fiscal Unit is responsible for administering the office's six bank accounts, which includes processing payments via check or Electronic Funds Transfer (EFT) from those accounts and maintaining supporting documentation for expenditures paid through them.

### **Results**

The audit found that the RCDA did not maintain adequate fiscal controls over its PS expenditures to ensure that salary, overtime, and other payments made to its employees were reasonable, appropriate, adequately supported, and properly approved. Most notably, in Fiscal Year 2017, the RCDA made "one-time payments" ranging from \$4,000 to \$24,000, totaling \$1.4 million, to its employees, in addition to their regular salaries, without formal written policies and procedures or adequate supporting documentation, and with funds that were earmarked for another purpose.

In addition, RCDA supervisory personnel inappropriately approved employees' overtime requests for time worked during lunchtime and requests that did not, as required, state the reason for the overtime. Supervisors did not always ensure that employees in designated titles used a CityTime hand-scanner or web-clock to record their workday start and end times as required and did not always review and approve employees' timesheets before their paychecks were processed. As a result, RCDA employees may have inappropriately requested overtime and inaccurately reported their work-time, and the RCDA may have paid employees for time that they did not work. Further, the RCDA did not adequately segregate its payroll, timekeeping, and personnel functions, which created an environment where erroneous or fraudulent transactions can be processed and go undetected.

The audit also found that the RCDA did not maintain adequate fiscal controls over its OTPS expenditures to ensure that they were reasonable, appropriate, adequately supported, and properly approved. Based on our review of 121 sampled expenditures, totaling \$1,156,222, made during Calendar Years 2015 through 2017, the inadequate controls resulted in 78 expenditures, totaling \$590,909 (51.1 percent), that were either not reasonable, appropriate, adequately supported, or properly approved, or were affected by a combination of those issues.

Moreover, the RCDA improperly charged certain non-investigative expenditures to object code 460, which should be used only for confidential expenditures, inappropriately processed some expenditures through agency-administered bank accounts, and improperly processed certain expenditures using Miscellaneous Payment Vouchers, which can contribute to a distortion of the City's financial records, and where used to pay for contracted services, understate its outstanding obligations. Finally, during Calendar Years 2015 through 2017, the RCDA did not perform monthly bank reconciliations for four of its six agency-administered bank accounts as required by Comptroller's Directive #11.

To address these issues, the audit made a total of 15 recommendations, including that the RCDA should: establish formal written policies and procedures for issuing "one-time payments" to employees; ensure that RCDA policies and procedures are followed for overtime requests and payroll processing; and improve segregation of duties in the payroll process. For payments, we recommended that the RCDA should: periodically review Payment Vouchers; use correct object codes, and perform monthly bank reconciliations.

In its response, the RCDA generally agreed with the report's 15 recommendations, stating:

Although many of the critiques in this Audit Report capture a snapshot of an agency in a state of great transition, growth, and flux, and one that for many years had little to no oversight or accountability structure in place, which left it vulnerable to attack, we are encouraged that many of the findings of this report reflect procedures and practices that predate June 2017. We have undertaken many new procedures with our new team since that date and recognize that this transition is still a work in progress. We welcome some of the thoughtful recommendations provided by the Comptroller in this report and have begun to incorporate those that are appropriate into our policy manuals.

### **Audit Follow-up**

The RCDA reported that all audit recommendations have either been implemented or are in the process of being implemented.



## RICHMOND COUNTY DISTRICT ATTORNEY

Audit Report on the Richmond County District Attorney's Office's Inventory Practices

Audit #: FK17-126A

Comptroller's Audit Library #: 8547

Issued: December 27, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Richmond County District Attorney's Office (RCDA) complied with the Department of Investigation's (DOI's) *Standards for Inventory Control and Management* (DOI Standards), and maintained a reliable and effective system of controls over its equipment and furniture assets inventory in accordance with Comptroller's Directives #1 and #18.

The City's five District Attorneys (DAs) are each elected to terms of four years and are responsible for investigating and prosecuting crimes, assisting victims, and implementing crime prevention strategies in their respective boroughs. The operations of the DAs' offices are primarily funded by the City Treasury. They also receive federal and State asset forfeiture funding, as well as grants.

The RCDA operates out of seven office locations across Staten Island using equipment and office furniture purchased centrally by its Procurement Department. From a review of the RCDA's purchasing records, it was estimated that during Fiscal Years 2016 and 2017, the RCDA purchased equipment and furniture at a total cost of \$262,915, consisting of \$174,293 paid from federal and State asset forfeiture funds that the RCDA disbursed directly through its agency-administered bank accounts, and \$88,622 paid from City and grant funds disbursed through the City's Financial Management System.

### Results

The audit found that the RCDA did not maintain accurate and complete inventory records in that it did not post additions and updates to inventory records promptly and did not record all required asset information in its inventory records. By not maintaining accurate and complete inventory lists, the RCDA increases its risk that items could be misplaced, lost, or stolen without detection. In that regard, the audit found that the RCDA could not account for 10 of 366 sampled items (3 percent) selected for physical inventory inspection.

In addition, the audit found that the RCDA did not maintain adequate controls over inventory. Specifically, the RCDA departments responsible for inventory did not conduct a full inventory count during Calendar Year 2015 and did not investigate items which were unaccounted for as required by the DOI Standards and Comptroller's Directive #18. Furthermore, the RCDA did not conduct any inventory count at all during Calendar Year 2016.

To address these issues, the audit made a total of eight recommendations, including that the RCDA should:

- Investigate the 10 items that could not be accounted for during inventory inspections and report any missing equipment items to the appropriate authorities.
- Periodically reconcile purchasing and inventory records to ensure that it records all non-consumable goods in its inventory records.
- Develop a procedure to ensure that changes in asset location and status are reported to individuals responsible for updating inventory records.

- Ensure that readable, sturdy property identification tags (reading “Property of the City of New York”) with sequential internal control numbers are assigned and affixed to valuable equipment and furniture items when items are received.
- Investigate all gaps in asset control numbers to ensure that all assets are accounted for.
- Conduct periodic inventory counts, document count results, investigate any discrepancies, and update inventory records, as needed.

In its response, the RCDA agreed with all of the report’s recommendations. The RCDA stated, “The audit conducted by the Comptroller’s Office on the Richmond County District Attorney’s Office’s (RCDA) inventory covered years 2015-2017, a period of immense change, transition, and growth for RCDA as a new administration took the helm in the middle of this period under the leadership of District Attorney Michael E. McMahon. [. . .] Although many of the critiques in this most recent Audit Report capture the unfortunate reality of an agency in a state of great transition, growth, and flux, and do not necessarily reflect the norm for RCDA and certainly not the expectations of its new leadership, we welcome many of the recommendations offered and have already undertaken their implementation.”

### **Audit Follow-up**

The RCDA reported that all of the audit recommendations have been implemented.

## ECONOMIC DEVELOPMENT CORPORATION

Letter Report on New York City Economic Development Corporation's Controls over Its Computer and Other Computer-Related Equipment

Audit #: SR17-105AL

Comptroller's Audit Library #: 8534

Issued: October 23, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Economic Development Corporation (EDC) is complying with certain inventory procedures as set forth in the Department of Investigation's (DOI's) *Standards for Inventory Control and Management* and is maintaining effective internal controls over office equipment as required by New York City Comptroller's Directive #1.

EDC is a not-for-profit corporation operating under contract with the City of New York (the City) to promote economic development and business growth. Its mandate is to encourage investment and attract, retain, and create jobs in New York City.

### Results

The audit found that EDC has segregated the duties for purchasing, receiving, and maintaining the inventory of computer and computer-related equipment among different staff members, in accordance with Comptroller's Directive #1. The audit also found some discrepancies on EDC's inventory list, although it found no instances of missing equipment. During observations at EDC's offices, the auditors found that 22 of the 997 computer and other computer-related equipment items tested had incorrect serial numbers on the inventory list.

Based on these findings, the audit recommended that EDC should correct its inventory list to ensure that the serial numbers for the 22 computer and other computer-related equipment items are properly and consistently listed.

In its response, EDC stated that "[b]ased on the Comptroller's Office recommendation, EDC has corrected the inventory list to ensure the serial numbers for the 22 computer related items are properly listed."

### Audit Follow-up

EDC reported that the recommendation has been implemented.

## DEPARTMENT OF EDUCATION

Follow-up Audit Report on the Department of Education's Oversight of Computer Hardware Purchased through the Apple Inc. and Lenovo Inc. Contracts

Audit #: FN17-098F

Comptroller's Audit Library #: 8527

Issued: July 19, 2017

Monetary Effect: None

### Introduction

This audit was conducted to follow up on the New York City Comptroller's Office's Audit Report on the Department of Education's Oversight of Computer Hardware Purchased through the Apple Inc. and Lenovo Inc. Contracts (Audit # FM14-057A) issued on December 1, 2014. In that earlier audit the auditors found that the controls and management practices of the New York City Department of Education (DOE) in relation to computer hardware inventory were insufficient to ensure that its computer hardware were properly accounted for. DOE disagreed with the prior audit's findings and with six of the eight recommendations. The objective of this audit was to determine whether DOE implemented the eight recommendations made in the prior audit report.

The DOE contracts with three Original Equipment Manufacturer (OEM) vendors to purchase computer hardware for use by students, teachers, and administrative staff. DOE entered into contracts totaling \$209.9 million with Apple Inc. (\$105 million), Lenovo Inc. (\$81.9 million), and CDW Government LLC, for Google Chromebooks (\$23 million).

In addition, DOE entered into separate contracts with Dell Marketing LP (Dell) and ASI System Integration (ASI) to act as Personal Computing Solutions (PCS) vendors. As PCS vendors, Dell and ASI are responsible for the installation, repair, certain asset tracking, and disposal of computer hardware including desktops and laptops. (Tablets are shipped directly from the manufacturer to administrative sites and schools.)

DOE requires administrators at each of its 2,278 sites to maintain and update inventory records and implement appropriate internal controls to ensure that all inventories are accounted for and properly safeguarded. The OEM vendors are responsible for supplying DOE with inventory information for all of the computer hardware, except the Apple tablets. In turn, DOE uploads the information into its Asset Management System (AMS). According to DOE, it primarily uses AMS to track hardware warranty and service data. However, DOE also states that schools should use AMS data as the basis for creating and updating their inventory records.

### Results

Overall, the audit found that DOE has not improved its inventory controls over computer hardware because it did not agree to implement the majority of recommendations made in the Comptroller's prior audit report. As noted, DOE did not agree to implement six of the eight recommendations made in the prior audit report. However, based on this audit, DOE did not implement five recommendations and partially implemented the remaining three recommendations. DOE maintained that it did not implement or fully implement the prior audit report's recommendations because they were not cost-effective or practical.

In addition to these findings, the audit found that DOE did not provide sites with sufficient guidance and support to ensure that decentralized inventory records were accurate and complete and that adequate controls were in place to properly safeguard computer hardware.

Since DOE did not improve its controls over computer hardware and provide sites with sufficient guidance and support, DOE's inventory records remain inaccurate and incomplete and DOE computer hardware is at risk of being lost, stolen, and wasted. Based on the inspections at nine sampled sites (eight schools and one administrative site) conducted during the audit, DOE's decentralized inventory records remain inaccurate and incomplete, and a significant portion of sites' hardware could not be accounted for, including desktops, laptops, and tablets. Specifically, DOE did not properly account for 4,993 out of 14,329 pieces of computer hardware, 34.9 percent, at the nine sampled sites. Of these 4,993 items, auditors looked for but did not observe 1,816 pieces of computer hardware during physical inspections and/or the sites did not include 3,541 pieces of computer hardware in their inventory records.

To address these issues, this audit reiterated the eight recommendations that were previously made and not implemented or partially implemented, and made 11 new recommendations to DOE. The report's combined 19 recommendations include that DOE should:

- Have a centralized inventory system for computer hardware;
- Routinely monitor recordkeeping procedures for computer hardware at DOE sites;
- Determine the physical locations of the 1,816 pieces of unaccounted-for computer hardware that could not be identified during our follow-up inventory inspections; Conduct a system-wide inventory count and reconciliation of DOE data;
- Refer evidence of misconduct in connection with the purchase, receipt and usage of computer equipment to appropriate authorities;
- Consider implementing and activating tracking software on computer hardware;
- Provide administrative site and school Inventory Officers with annual inventory training, AMS access, and other resources needed to maintain accurate and complete inventory records.

In its response, as with the prior audit, DOE did not acknowledge or address the significant inventory control deficiencies identified by the audit and fails to properly account for almost 5,000 pieces of computer hardware. While DOE maintains that site location inventories collectively "account for equipment purchased system-wide," it never explains how that could be the case when it does not compare the individual location inventories to its purchasing records. And as with its response to the prior audit, DOE questioned the cost effectiveness of taking specific measures recommended to help ensure that the hundreds of millions of dollars in purchases of computer equipment it has made and continues to make are actually used for DOE purposes. Instead, DOE criticizes the audit methodology as fundamentally flawed.

With regard to the 19 recommendations addressed to DOE, DOE agreed with 7 recommendations, and partially agreed with 3 recommendations. DOE disagreed with the remaining 9 recommendations, including: using AMS as an inventory system; conducting a system-wide inventory count and reconciliation; identifying unused "unassigned" computer hardware in inventory records; including inventory audit procedures in annual field visits by the DOE's Office of the Auditor General; rotating school Inventory Officers periodically; revising its Inventory procedures to require this rotation; and finding the unaccounted-for computer hardware identified in this follow-up audit report..

### **Audit Follow-up**

DOE reported that it has either implemented or is in the process of implementing the recommendations that it agreed with, partially implemented the recommendations that it partially agreed, with and continues to disagree with the remaining recommendations.

## DEPARTMENT OF EDUCATION

### Audit Report on the Department of Education's Controls over Payments to Providers of Related Services to School-Aged Students

Audit #: MD16-117A

Comptroller's Audit Library #: 8530

Issued: August 22, 2017

Monetary Effect:	Actual Savings:	\$65,957
	Potential Savings:	\$65,957

### Introduction

This audit was conducted to determine whether the Department of Education (DOE) has adequate controls over payments to independent and contracted related-service providers who serviced school-aged students.

DOE is mandated by the Federal Individuals with Disabilities Education Act and the State Department of Education to provide special education services to students with disabilities from birth to age 21. Children are referred for special education services through a DOE Committee on Special Education (CSE). The CSE evaluates children referred to it and develops an Individual Education Plan (IEP) for each child found to need one that specifies the special education services to be provided. Those services, called "related services," may include physical therapy, occupational therapy, speech therapy, and psychological counseling.

Related services can be provided by DOE staff, a DOE-contracted provider, or a non-contracted (independent) provider. When a student requires related services, DOE first attempts to identify a DOE employee who can provide them. If no suitable DOE employee is available, DOE seeks a contracted related-service provider. It is the responsibility of DOE, either through a Borough Field Support Center or the CSE, to coordinate with a contracted provider to obtain the necessary services for the student. If neither a suitable DOE employee nor a contracted provider is available, DOE issues a Related-Service Authorization to the family, which enables parents or guardians to secure the services set forth in the child's IEP from an independent provider at DOE's expense.

According to DOE, the agency paid \$84,033,968 in Fiscal Year 2016 to 1,102 independent and contracted providers for related services for school-aged students. The Mayor's Management Report (MMR) indicates that 251,755 school-aged students were enrolled in special education in Fiscal Year 2016.

### Results

The audit found that DOE does not have adequate controls over payments to related-service providers. As a result, DOE was unable to provide reasonable assurance that related services billed to and paid for by the agency were adequately supported and actually provided. Moreover, DOE's payment review process, which might have found errors in billing and payments, was not consistently implemented or effectively designed. In addition, the audit found that DOE's process for confirming with parents and guardians that services were rendered was significantly flawed. Thus, the audit found that DOE's processes were not an effective means of verifying that billed services were actually performed. Further, the DOE's Vendor Portal edit checks, which should have been designed to automatically reject certain billing irregularities did not provide adequate protection against vendors' billing and receiving payment for duplicate and overlapping billing of related services. A review of the related-service billing data for Fiscal Year 2016 identified an estimated \$131,913 in erroneous payments made to 597 providers resulting from (1) overlapping

sessions billed by the same provider; (2) duplicate sessions billed by different providers; and (3) overlapping sessions billed by different providers.

The audit made nine recommendations, including:

- DOE should ensure that its monthly review of payments for related services is conducted effectively and consistently, and that the process is properly tracked, documented, and supervised.
- DOE should establish time frames within which its monthly payment reviews must be completed, to ensure that reviews are conducted in a timely and effective manner.
- DOE should consider modifying the parent verification process to facilitate responses, including:
  - sending parent verification letters in the language spoken in the household;
  - providing postage-paid, self-addressed reply envelopes with letters;
  - allowing persons to respond at their child's school;
  - allowing persons to respond by phone;
  - selecting a sample of letters for follow-up calls by DOE; and
  - tracking returned mail and ascertaining current home addresses.
- DOE should update the edit checks in the Vendor Portal to include data validation rules, so payments for duplicate and overlapping sessions can be avoided.
- DOE should review the duplicate and overlapping payments uncovered in this audit and ensure that it recoups payments from providers for all inappropriate billing.
- DOE should revise the existing validation rules in the Vendor Portal to ensure that they are properly designed and are working as intended. Those revisions should include assurances that students receiving services in school were present on the days that the services were billed.

In its response, DOE generally agreed with five recommendations. However, DOE disagreed with four recommendations, including establishing time frames for monthly reviews; strengthening procedures for reviewing providers' timesheets; modifying the parent verification process; and reviewing duplicate entries to ensure no duplicate payments for the services.

### **Audit Follow-up**

DOE reported that five recommendations have either been implemented or are in the process of being implemented and continues to disagree with the remaining four recommendations. DOE also stated that it has recouped 50 percent of the duplicate and overlapping payments and is continuing to review documentation on the remaining overlapping sessions.

## DEPARTMENT OF EDUCATION

### Follow-Up Audit Report on the Department of Education's Controls over Non-Competitive and Limited-Competition Contracts and Contract-Related Actions

Audit #: ME17-078F

Comptroller's Audit Library #: 8529

Issued: August 11, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Department of Education (DOE or the Department) implemented the eight recommendations made in the prior audit report entitled *Audit Report on the Department of Education's Controls Over Non-Competitive and Limited-Competition Contracts* (Audit # MG13-119A), issued on June 17, 2015.

Rules governing DOE procurements and contracts are found in the Department's Procurement Policy and Procedures (PPP) manual. According to the PPP manual, the preferred method for awarding contracts is a fully competitive solicitation, which generally involves a Request for Bids or a Request for Proposals. However, when a fully competitive process is not feasible or appropriate and specific criteria have been met, DOE may use other methods to award contracts, providing that there is a clear written justification for the need. This follow-up audit focused on the following seven types of contract actions that do not involve fully competitive solicitations: contract extensions; listing applications (used for certain content provided directly to students); contract renewals; sole-source procurements; contract assignments; negotiated services; and emergency purchases.

The prior audit found problems in DOE's contract assignment processes. In particular, the audit found weaknesses in the Department's assessments of the past performance of vendors who received contract assignments. There were also deficiencies in the justifications provided by the vendors who sought to assign these contracts and with the Department's approval determinations. In addition, the prior audit found that DOE had not (1) effectively enforced the requirement that contract managers formally monitor and evaluate the performance of vendors; (2) established minimum guidelines for monitoring contracts; and (3) developed a standard format with criteria for managers to follow in conducting performance evaluations. Further, the prior audit found that DOE failed to consistently submit contracts to the Office of the New York City Comptroller (Comptroller) for registration in a timely manner. In connection with the prior audit, the Comptroller issued eight recommendations to improve DOE's performance.

### Results

This audit determined that three of the prior audit's eight recommendations had been partially implemented and that five had not been implemented. Among other things, the audit found that:

- DOE still does not provide sufficient guidance for contract assignments, and, in particular, it fails to ensure that a proposed new vendor's capacity and history are adequately assessed.
- DOE does not offer its contract managers specific instruction about handling their responsibilities.
- DOE has not implemented a standard format with standard criteria and ratings for evaluating vendor performance.
- DOE does not ensure that limited competition and non-competitive contracts are registered with the Comptroller prior to vendors beginning performance.



In addition, the audit found other areas where DOE's controls over contract actions other than fully competitive solicitations need to be improved, including that:

- DOE does not ensure that its procurement files of approved contracts consistently contain background review reports or show that issues of concern identified in the reports have been satisfactorily resolved.
- DOE does not ensure that its procurement files consistently contain the documents and approvals needed to support contract awards.

To address the issues that still exist and other areas where DOE's controls need to be strengthened, the report made a total of 20 recommendations, including the following:

- DOE should prepare more specific written procedures concerning assignments.
- DOE should expand training programs for its contract managers.
- DOE should implement a standard vendor performance evaluation format.
- DOE should ensure that it submits contracts for registration to the Comptroller prior to their start dates.
- DOE should ensure that issues of concern identified in its background review reports have been satisfactorily resolved prior to contract approval.
- DOE should ensure that the procurement files contain all required supporting documents and approvals for the awarding of contracts.

In their written response, DOE officials agreed with 7 of the audit's 20 recommendations, partially agreed with 7, and disagreed with the remaining 6. In addition, DOE disputed some of the findings and conclusions upon which the recommendations were based. However, the audit found DOE's arguments against these findings to be unpersuasive.

### **Audit Follow-up**

DOE reported that it has implemented two recommendations concerning updating the Contract Management Training manual to emphasize the importance of contract monitoring and will continue in efforts to register contracts in a timely manner. In addition, DOE reported that 17 recommendations have been implemented inasmuch as they reflect current practices. DOE also continues to disagree with the remaining recommendation to develop and implement written procedures that are sufficient to assist staff in identifying the warning signs of possible collusion in the assignment process.

## DEPARTMENT OF EDUCATION

### Audit Report on the Department of Education's Efforts to Monitor and Address School Attendance of Homeless Children Residing in Shelters

Audit #: MG16-098A

Comptroller's Audit Library #: 8561

Issued: March 12, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Department of Education (DOE) conducted adequate outreach and provided sufficient oversight of the attendance of students residing in homeless shelters operated by the Department of Homeless Services (DHS).

DOE is the largest school district in the United States, serving 1.1 million students in over 1,800 schools. One of DOE's responsibilities is to track the attendance of students and to follow up appropriately with absent students and their families. The need for adequate follow-up is especially important for chronically absent students and for students whose pattern of absences appears to be approaching a chronic level, defined by the DOE to occur when a student's attendance rate is less than 90 percent. Chancellor's Regulation A-210 mandates that schools maintain a system for recognizing patterns of student absence and that they implement specific intervention strategies to reduce the number of students who are chronically absent.

Responsibility for tracking school attendance rests with the individual schools and their principals. They are given specific requirements, overall guidance, and support in their efforts by, among other things: specific Chancellor's Regulations; the DOE Office of Safety and Youth Development (OSYD); and borough-based Field Support Centers, who are responsible for assisting schools in the development of Attendance Plans that allow for the effective implementation of attendance tracking, outreach, follow-up and support services and reviewing such plans. In addition, every community school district assigns Family Assistants (DOE employees stationed at shelters) to work with the homeless families and monitor school attendance of the children in those families.

### Results

The audit found that DOE does not engage in adequate outreach or have sufficient oversight of efforts made to track and monitor the attendance of students residing in temporary housing who are chronically absent from school, particularly those residing in DHS-operated homeless shelters. Specifically, the audit found that while DOE has established multiple protocols related to student absences that central staff and individual school employees are required to follow, it does not have adequate oversight mechanisms to ensure that these protocols are followed.

For the sample of 73 students who were identified by DOE as having resided in DHS homeless shelters during the 2015-2016 School Year and who, based on data provided by DOE, the audit identified as being chronically absent, the audit's analysis of activity by individual schools revealed:

- No evidence that schools conducted outreach efforts for 25 students (34 percent) who were chronically absent (12 students had no evidence of outreach and 13 students had outreach efforts that were not specific to absences). In addition, there was no evidence of outreach efforts for 50 students (68 percent) with occurrences of latenesses.
- No evidence that schools conducted outreach on the first day of a student's absence in 92 percent of the instances related to absences where such outreach was required.

- No evidence that schools conducted outreach for 87 percent of the absences reported for the sampled students and for 94 percent of the latenesses reviewed.

In addition, DOE did not provide evidence that Family Assistants who work in the shelters themselves conducted any outreach related to absences or latenesses for 54 percent of the sampled students. The Family Assistant outreach failures appears to have largely resulted from the fact that DOE has not dedicated sufficient staff necessary to adequately oversee the students. The audit also found deficiencies in schools' response to OSYD questionnaires regarding the schools' individual 2015-2016 School Year Attendance Plans. In the absence of adequate controls to ensure that schools have Attendance Plans that conform to DOE regulations, there is an increased risk that they will not effectively assist students with attendance issues.

The audit makes 12 recommendations to address the issues raised, including the following:

- DOE should enhance its policies and procedures as needed to ensure that school officials immediately make the required outreach and intervention efforts and that those efforts are adequately documented, in accordance with the Chancellor Regulations.
- DOE should ensure that those charged with the oversight responsibilities for student attendance are familiar with their responsibilities.
- DOE should conduct a study to determine the adequacy of its current caseloads for Family Assistants to determine if it has sufficient staff levels to enable the Family Assistants to effectively fulfill their job responsibilities.
- Based on the results of the study referred to above, DOE should consider using the findings from the study as justification for increasing the number of Family Assistants overseeing the shelters through reassignments of existing staff and/or by seeking additional funding from the City's Office of Management and Budget to hire additional Family Assistants.

In its response, DOE stated that it agreed with 4 of the 11 recommendations directed to the agency and partially agreed with another 4. However, to the extent that DOE stated that it agreed or partially agreed with five of the audit recommendations, it qualified that "agreement" by stating that it "agrees with the recommendation *in that it is current practice.*" (Emphasis added.) Thus, DOE effectively rejected the auditors' recommendation that current practice should be improved in each of these instances. Of the remaining three recommendations, DOE expressly disagreed with one and did not specifically address two. DOE also expressly disagreed with a number of the audit findings.

### **Audit Follow-up**

DOE reported that it has implemented 8 of the 11 recommendations directed to the agency, and partially implemented one recommendation with regard to investigating 407 referrals but did not address the second part of the recommendation to ensure that the Form 407s are maintained at the student's respective schools. DOE continues to disagree with the recommendation that it amends its Form 407 process for students who transfer schools and did not specifically address the recommendation to increase the number of Family Assistants overseeing the shelters.

## DEPARTMENT OF EDUCATION

### Audit Report on the Department of Education's Monitoring of Its Leadership Development Services Contract with the New York City Leadership Academy

Audit #: MH17-076A

Comptroller's Audit Library #: 8528

Issued: July 25, 2017

Monetary Effect:      Potential Savings:      \$385,612

### Introduction

This audit was conducted to determine whether the Department of Education (DOE) ensures that its payments to the New York City Leadership Academy (NYCLA) are adequately supported, and whether DOE adequately monitors NYCLA's compliance with the key requirements of its leadership development services contract. NYCLA is a tax-exempt nonprofit organization that prepares and support educators to lead schools. In collaboration with NYCLA, DOE's Office of Leadership, under the Division of Teaching and Learning, launched the Aspiring Principals Program (APP) to address an anticipated need for more principals in New York City schools.

In July 2008, DOE entered into a requirements contract with NYCLA for leadership development services. The total cost of this contract was not to exceed \$53,828,873. DOE extended the contract for a year for \$6.6 million and then renewed it in July 2014 for a five-year term, ending on June 30, 2019, at a cost not to exceed \$40,919,927. Pursuant to the original contract and the renewal, NYCLA agreed to provide leadership development services to "teacher leaders" (senior teachers) and aspiring principals through APP. APP offered preparation services for assistant principals desiring to become principals, coaching for new principals (those in the position for one year or less), coaching for experienced principals, and an apprenticeship program for teachers desiring to take on school leadership roles.

On August 5, 2016, DOE exercised its right to partially terminate its contract with NYLCA in connection with the Department's decision to provide in-house training for aspiring principals. Pursuant to the partial termination letter, the obligations that remained under the original contract would expire on June 30, 2017. However, on September 14, 2016, DOE amended its original termination letter, and added the provision that NYCLA shall continue through the end of June 2019 to provide experienced principal coaching services to schools that request such services, depending on the availability of funding.

### Results

The audit found that DOE does not ensure that its payments to NYCLA are adequately supported. Specifically, the audit found that sampled payment requests were missing detailed records of the hours the coaches worked each day, as is required by the contract. Although DOE has comprehensive policies and procedures to ensure that transactions are accurately recorded and supported, it did not consistently follow them and, in particular, did not require NYCLA to adhere to its requirements that the specific hours worked each day be documented in order to receive payment. In addition, the audit found that DOE failed to require NYCLA to submit copies of the bills for which it requested reimbursement for expenses. As a result, the audit found that out of the \$559,667 sampled DOE payments made to NYCLA, \$394,007 were for coaching services, including some coaching-related services, \$385,612 (98 percent) of which were found to be inadequately supported.

The audit also found that DOE did not adequately monitor NYCLA's compliance with key provisions of its contract. Specifically, DOE did not require NYCLA to provide any of the progress

reports to which DOE is entitled, to enable it to assess NYCLA's performance. Additionally, DOE did not provide adequate evidence that it conducted all of the monthly meetings with NYCLA as required by the contract.

Finally, the audit found that the unit price for tuition costs for 13 APP program participants was reduced without a written amendment to the contract. Auditors further were not provided with any documentation that explained the basis for the price reduction. As a result, the audit was unable to determine whether it reflects a reduction in services to be provided by NYCLA.

To address these issues, the audit made seven recommendations to DOE:

- DOE should ensure that NYCLA maintains contemporaneous time records as required by the contract, in addition to any other records supporting the amounts it bills DOE for services rendered and submits them to support requests for payments.
- Where reimbursement is sought for training and/or meeting expenses, DOE should ensure that adequate proof of the meeting is submitted, such as a sign-in sheet from the attendees and an agenda.
- DOE should not make payments for expenses that are not adequately supported in accordance with the terms of its contract with NYCLA.
- DOE should follow up and determine whether sufficient supporting documentation exists for the \$385,612 in questionable payments identified in this report. DOE should recoup any payments for which it is unable to verify that the goods were delivered or services were rendered.
- DOE should request that NYCLA provide progress reports to aid in DOE's monitoring of its contractor's performance, as prescribed in the contract.
- DOE should meet contractors on a monthly basis, as called for in the contract.
- DOE should ensure that any modifications to the contract are formally documented in writing, as required by the contract.

In its response, DOE agreed with five of the audit's seven recommendations, but as to three of those recommendations, it qualified its agreement stating that it agreed "inasmuch as" the recommendations reflected current practices. In addition, DOE disagreed with the recommendations that DOE request that NYCLA provide progress reports to aid DOE's monitoring of NYCLA's performance, as permitted by the contract, and it disagreed with the recommendation that DOE meet with NYCLA officials on a monthly basis, as called for in the contract.

### **Audit Follow-up**

DOE reported that five of the recommendations have either been implemented or in the process of being implemented, and continues to disagree with the remaining two recommendations. It should be noted that DOE continues to qualify its agreement for three of the five recommendations stating that it agreed "inasmuch as" the recommendations reflect current practice. DOE reported that it has determined that it will not recoup the \$385,612 from NYCLA.

## DEPARTMENT OF EDUCATION

Audit Report on the New York City Department of Education's Reporting of Violent and Disruptive Incidents at Its Schools

Audit #: MJ16-116A

Comptroller's Audit Library #: 8576

Issued: June 5, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City (City) Department of Education (DOE) has adequate controls in place to ensure that violent and disruptive incidents that occur at public schools attended by middle and high school students are accurately recorded and reported according to certain DOE and New York State Education Department (NYSED) requirements.

DOE uses its Online Occurrence Reporting System (OORS) to record incidents reported by schools, including those incidents involving students' infractions of its *Citywide Behavioral Expectations to Support Student Learning* (the Discipline Code). In addition, DOE uses its Suspensions and Office of Hearings Online system (SOHO) to document students' suspensions and removals, as well as guidance interventions, in those instances where the corresponding incidents have been properly entered in OORS.

The New York City Police Department's (NYPD's) School Safety Division helps DOE provide a safe environment in schools by deploying more than 5,000 school safety agents (SSAs) and 200 uniformed police officers throughout the City's public school system. The SSAs stationed at each of the schools are required to maintain an activity logbook, which includes the recording of incidents that occur in the school and around the school's perimeter of which the SSAs become aware.

In July 2000, New York State (State) Education Law was amended by the Safe Schools Against Violence in Education (SAVE) Act to improve the safety of children in the public schools across the State. The SAVE Act requires all public schools to collect data and report annually to NYSED violent and disruptive incidents that occur on school property or at school-sponsored events during the school year. In conjunction with the State Division of Criminal Justice Services, NYSED developed a uniform incident reporting system, the Violent and Disruptive Incident Report (VADIR) that requires each public school in the State to compile records of incidents, organized by designated VADIR categories.

NYSED uses the VADIR data to calculate each school's "School Violence Index" (SVI). The SVI is a ratio that is determined by the number of incidents, the seriousness of the incidents, and the school's enrollment. According to the *NYC Violent and Disruptive Incidents Report* covering School Year 2015-2016 (posted on the NYSED website in January 2017), of the 1,597 City public schools, 44 schools had no reported VADIR incidents, and 1,553 schools reported a total of 41,559 VADIR incidents, ranging from 1 to 271 incidents during that year.

### Results

The audit found that DOE's controls need to be strengthened to reasonably assure that violent and disruptive incidents at its public schools are consistently recorded in OORS and ultimately reported in the VADIR system in accordance with NYSED requirements. Although DOE has given general instructions about incident-reporting and on-going training to school administrators, DOE has not established adequate controls to ensure that those instructions are followed on a consistent basis.

The audit sampled 10 schools and found that, for School Year 2015-2016, of 114 incidents identified from NYPD's School Safety Division records as reportable under DOE's regulations, 24 VADIR-reportable incidents (21 percent) were not recorded in OORS. As a consequence, among other things, these incidents were not considered for inclusion when DOE reported those schools' incidents in the VADIR system.

The audit also found that DOE does not require that schools consistently capture all of the information in OORS and SOHO relating to the disciplinary or referral actions taken, which is needed to properly assess whether certain incidents should be reported in VADIR. In addition, DOE provided no evidence that management instituted an oversight mechanism to ensure that its schools take appropriate action in dealing with incidents involving aggressive or harmful behavior by students, and that the actions that schools do take are properly reported in accordance with DOE and NYSED requirements.

The audit made five recommendations, including that DOE: enhance its oversight of the schools' data entry in OORS to ensure that school administrators understand and comply with Chancellor's Regulations and record all incidents as required; ensure that school administrators routinely and purposefully communicate with the NYPD School Safety Division to be fully aware of incidents in their schools that are captured in School Safety Division records, and verify that the incidents are consistently recorded in OORS; and periodically review its OORS and SOHO systems to identify incidents involving aggressive, harmful, seriously dangerous or violent behavior to ensure that school administrators took appropriate actions and recorded in SOHO all disciplinary, referral or other corrective actions taken concerning the students.

In its response, DOE stated that it agreed with three of the five recommendations and stated it will take the other two recommendations pertaining to modify and establish controls in the SOHO systems to capture all disciplinary and referral actions and to review the OOR and SOHO systems to identify aggressive and harmful incidents under advisement.

### **Audit Follow-up**

DOE reported that the three recommendations it agreed with have been implemented in as much as they reflect current practice, and did not address the remaining two recommendations that it will take under advisement.

## BOARD OF ELECTIONS

Audit Report on the New York City Board of Elections' Controls over the Maintenance of Voters' Records and Poll Access

Audit #: MG16-107A

Comptroller's Audit Library #: 8536

Issued: November 3, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Board of Elections (BOE) ensured that effective actions were taken to restore certain voters inappropriately purged from voter rolls in time for them to vote in the November 2016 elections; ensured that adequate assistance was provided to voters at polling sites; and ensured that polling sites were accessible to all voters, including persons with disabilities.

The BOE is an administrative body established by the New York State Constitution and pursuant to the State Election Law. The BOE's operations in New York City (the City) are governed by federal and State laws, as well as by its own guidelines and procedures and those established by the State Board of Elections. The BOE consists of ten commissioners, two from each borough, who are appointed by the City Council for terms of four years. The commissioners appoint a bipartisan staff to oversee and conduct the daily activities of BOE's main and five borough offices. As of April 1, 2016, there were 4.4 million registered voters in the City's five boroughs.

To be eligible to register to vote in the City of New York, an individual must be a citizen of the United States, be a City resident for at least 30 days, be at least 18 years of age before the next election, not be serving a jail sentence or on parole for a felony conviction, not be adjudged mentally incompetent by a court, and not claim the right to vote outside the City. Eligible New York City residents wishing to vote must complete and submit voter registration forms either online through the DMV's websites, through the United States Postal Service mail, or in person at the BOE's borough offices or at its General Office. A bipartisan team at each borough office is responsible for processing the voter registration forms.

To facilitate Election Day operations, the BOE employs poll workers to open and close the polling sites, administer the voting operations, assist voters, and electronically transmit the preliminary results from scanners to the BOE's General Office.

Between March 2014 and July 2015, BOE's Brooklyn office had canceled, or "purged," the registrations of over 117,600 voters, which prevented them from voting during the April 19, 2016 Presidential Primary Election. The BOE's action triggered an investigation by the New York State Attorney General and by the US Department of Justice. BOE subsequently agreed to restore these voters to the rolls.

### Results

The audit found that the BOE took efforts to ensure that Brooklyn voters inappropriately purged from voter rolls for the April 2016 Primary Election were restored in time for the November 2016 General Election and, through the audit's sample testing, those efforts appear to have been effective. However, the audit found that the BOE failed to ensure that the polls operated effectively and efficiently and in accordance with applicable law, rules and guidelines, which ultimately could have impacted the ability of individuals to vote. Auditors visited a total of 156 sites (out of as many as 1,205 sites operated by BOE throughout the City) during three elections between June 28, 2016 and November 8, 2016 and identified one or more deficiencies at 141 (90 percent) of those sites. Among



the deficiencies found were problems with the assistance provided to voters, including those who require language interpreters and those with disabilities; problems with the information provided to voters; and problems with the accessibility of the poll sites themselves for disabled voters. The audit also found issues with the quality and amount of training the BOE provides for Election Day workers.

The audit makes nine recommendations to address the issues raised, including the following:

- The BOE should ensure that every poll site is fully accessible to disabled voters.
- The BOE should ensure that every poll site is fully staffed, including that they have a sufficient number of standby poll workers to dispatch to poll sites where needed.
- The BOE should ensure that the required number of interpreters skilled in the languages needed at each polling site are on site and available to provide assistance to voters.
- The BOE should re-evaluate its current training curriculum for poll workers, as well as coordinators, so it puts greater emphasis on basic Election Day protocol, requirements for handling affidavit ballots, and hands-on training sessions, especially pertaining to the usage of devices such as scanners, ballot marking devices and tablets.

In its response, the BOE partially disagrees with recommendation #1, disagrees with recommendations #4, #8, and #9, and does not address recommendation #6 at all. In addition, the BOE does not directly indicate its agreement or disagreement with recommendations # 2, #3, and #5 and instead provides information about actions it represents that it is taking to address some of the related concerns raised in the audit. Finally, the BOE contends that it is already in compliance with recommendation number #7.

### **Audit Follow-up**

The BOE reported that it continues to disagree or partially disagree with four recommendations and believes that it is already in compliance with one recommendation. The BOE did not address the remaining four recommendations.

## DEPARTMENT OF FINANCE

Audit Report on the New York City Department of Finance's Restraint and Seizure of Payments to City Vendors with Tax Warrants

Audit #: SR17-111A

Comptroller's Audit Library #: 8599

Issued: June 26, 2018

Monetary Effect:      Potential Savings:      \$2.6 million

### Introduction

This audit was conducted to determine whether the New York City Department of Finance (DOF) effectively restrains and seizes payments due to City vendors with outstanding tax warrants.

The DOF is responsible for the administration and collection of approximately \$37 billion in City revenue, which includes a variety of business taxes. During Fiscal Year 2017, DOF collected approximately \$1.3 billion in business and excise tax revenue. As the City's tax collector and enforcer of the City's tax laws, DOF is responsible for collecting taxes due from, among others, private contractors and vendors that do business with the City (vendors), including some vendors that are delinquent in paying those taxes.

Under the "GenTax FMS Vendor Restraint Process," DOF's Collections Unit can notify the vendors of their City tax debts, docket them as warrants, request restraints (holds) be placed on payment vouchers payable to vendors with outstanding tax warrants and, after providing an additional notice, offset the docketed taxes the vendors owe to the City against the amounts the City owes to the vendors for the goods and services they provided. By properly using this collection method, DOF can effectively recover outstanding tax debt owed to the City by City vendors.

### Results

The audit found that although DOF effectively restrains payment vouchers due to City vendors with outstanding tax warrants, it does not follow up by seizing and offsetting the vouchered funds against the vendors' City tax debt, as permitted by law. Instead, after restraining a vendor's payment vouchers, DOF waits for the vendor to contact its Collections Unit, so that it can set up a payment plan with, or otherwise induce payment from the vendor. DOF does not systematically track the overall amounts it collects through that practice and as of the date of this report has not provided the requested information that would enable us to assess its effectiveness in collecting the arrears due to the City from City vendors.

Based on the information provided, however, DOF, by forgoing the available offset process, has missed opportunities to collect business-tax debt that is due to the City. In some cases, DOF released restrained vouchers in favor of a payment plan with a vendor who thereafter defaulted on that plan, continued to collect payments from the City and failed to make good on its City tax debt. In at least one such case, no subsequent payment vouchers were available for restraint and offset. In another case, as a result of DOF's failure to collect the vendor's tax arrears through a legal offset, it lost the opportunity to do so since—having collected more than \$428,518 in vouchered payments from the City—the corporation is dissolved, according to DOF's records, while it owes more than \$80,000 in unpaid taxes.

According to DOF's records, as of February 5, 2018, the agency had docketed 254 open warrants totaling \$5.7 million in unpaid business taxes against 192 City vendors, 186 of whom were owed a total of \$2.6 million in vouchered funds that had been placed on hold under DOF's "GenTax FMS Vendor Restraint Process." However, as of early 2018, DOF had not used that process to offset—i.e., collect—delinquent business-tax debts from vouchers payable to City vendors since

October 2014, while at the same time, the City did business with and made payments to these vendors notwithstanding their delinquent taxes. DOF was unable to tell us how much docketed tax debt it collected from City vendors through other means.

Based on these findings, the audit makes the following six recommendations, DOF should:

- Develop and implement a system to track and measure its compliance with and the effectiveness of its procedures for the collection of docketed City tax debt from City vendors.
- Revise its operations and procedures to enhance the ability of the DOF Collections Unit to take direct actions to collect docketed tax debt through offset from City vendors, including training staff on how to complete the offset process and increasing staff access to FMS.
- Revise its written procedures to require that whenever a payment voucher earmarked for a City vendor with an open, docketed tax warrant has been restrained and a specific time period (to be determined by DOF) has elapsed and other collection methods have not been successful, the Collections Unit *must* generate a “Comptroller assignment memo” requesting that the Comptroller’s Office assign the withheld payments to DOF, unless (a) the warrant has been fully satisfied, or (b) a decision has been made and recorded in GenTax, to suspend collection efforts for a limited time (to be determined by DOF) to allow DOF to review the case.
- Not release a payment voucher until the docketed tax warrant or judgment is substantially satisfied, vacated by a court or withdrawn by DOF after appropriate documentation has been filed in GenTax indicating the basis for that action.
- Request and obtain FMS access as needed for the offset process.
- If other collection methods have not proven to be successful, use the City payment vouchers that are on hold to offset open docketed warrants totaling approximately \$5.7 million owed by City vendors.

In its response, DOF agreed with all of the recommendations.

### **Audit Follow-up**

DOF reported that all of the audit recommendations have either been implemented or are in the process of being implemented.

## DEPARTMENT OF FINANCE

Letter Report on the Follow-Up Review of the Removal of Senior Citizen Homeowners' Exemption for the Ineligible Properties Identified in Our Prior Audit of the New York City Department of Finance

Audit #: SR18-077SL

Comptroller's Audit Library #: 8540

Issued: December 8, 2017

Monetary Effect:	Actual Revenue:	\$9,201,392
	Potential Revenue:	\$1,292,820

### Introduction

This follow-up review was conducted to determine whether the New York City Department of Finance (DOF) removed the Senior Citizen Homeowners' Exemption (SCHE) from ineligible properties that were identified in the prior report, *Audit Report on the New York City Department of Finance's Administration of the Senior Citizen Homeowners' Exemption Program* (Audit #SR16-087A), issued on July 7, 2016. As discussed in that audit report, DOF allowed owners of at least 3,890 properties to receive SCHE exemptions for which they were not eligible. These properties received 20,487 improperly granted exemptions from Fiscal Years 2012 through 2017 that resulted in a loss of property tax revenue of at least \$48,529,687. Additionally, DOF improperly credited properties of deceased homeowners and corporate owned properties with Enhanced School Tax Relief (STAR) exemptions totaling \$10,647,896. In total, the audit identified \$59.2 million in lost tax revenue to the City.

### Results

The review found that for the 2017/2018 tax year, DOF has removed the SCHE from 2,057 properties where the homeowner had died, 67 properties that had corporate ownership, and 273 properties that contained four or more units that were identified as ineligible in the prior audit. In addition, the SCHE was prorated for an additional 262 properties that contained four or more units. DOF also removed the Enhanced STAR exemption from 1,523 of the above properties. As a result, the City will realize a gain of \$9,201,392 in additional revenue for 2017/2018 tax year. In addition, the SCHE was removed from 425 properties prior to the 2017/2018 tax year, so there was no revenue effect for this tax year.

However, the review found that DOF did not remove the SCHE from 806 properties that were identified as ineligible. When contacted, DOF informed the auditors that it will remove or prorate the SCHE for 576 of these 806 properties. DOF also indicated it will remove the Enhanced STAR exemption for 403 of the 576 properties that will have their SCHEs removed. Removing or prorating the SCHE for the 576 properties will result in a gain of \$1,042,348 in property tax revenue and removing the Enhanced STAR exemption for the 403 properties will result in a \$250,472 in property tax revenue. Thus, \$1,292,820 in additional revenue will be collected after the inappropriate exemptions are removed. According to DOF, the remaining 230 of the 806 properties are eligible to receive a SCHE because either the property had a surviving spouse entitled to the exemption or there was a new SCHE application filed, which was approved.

The follow-up review recommended that DOF should:

- Immediately remove or prorate the SCHE from the 576 ineligible properties.
- Immediately remove the Enhanced STAR exemption from the 403 ineligible properties.

In its response, DOF stated that it "has removed or prorated SCHE benefits for 265 of the properties identified in the follow-up review five prorated with four or more units: 118 cooperative

properties; and 142 non-cooperative properties). DOF will continue to review the remaining properties and will remove improperly granted SCHE exemptions.” Additionally, DOF stated that it “has reviewed and removed improperly granted ESTAR exemptions for the majority of properties identified in the follow-up review. DOF will continue to review the remaining properties and will remove improperly granted ESTAR exemptions.”

### **Audit Follow-up**

DOF reported that it is in the process of implementing both recommendations.

## HEALTH + HOSPITALS CORPORATION

Audit Report on the Epic Electronic Medical Record System That NYC Health + Hospitals Implemented at the Elmhurst Hospital

Audit #: SI17-079A

Comptroller's Audit Library #: 8558

Issued: January 31, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the implemented Epic Electronic Medical Record System at the Elmhurst Hospital Center is fully functional, and performing as designed and planned.

The NYC Health + Hospitals (H+H) was established by the New York State Legislature in 1969 as the Health and Hospitals Corporation, a publicly-funded, public benefit corporation to provide physical and mental healthcare in New York City. H+H is comprised of more than 90 patient care sites throughout the City, including hospitals, neighborhood health centers, long term care facilities, and it provides home care services.

On January 16, 2013, H+H entered into a 15-year, \$302 million contract agreement with Epic Systems Corporation to replace H+H's then-20-year old electronic medical record system (EMR) with an Epic EMR system (Epic EMR) at all of H+H's patient care facilities, including 11 hospitals, 4 long-term care facilities, 6 diagnostic treatment centers, and more than 70 community-based clinics.

### Results

The audit determined that Elmhurst Hospital Center's (Elmhurst HC) Epic EMR, which became operational in April 2016, is fully functional and, generally, performing as designed and planned. And, H+H's Enterprise Information Technology Services (EITS) group responsible for the implementation has a sufficiently strong computing environment (hardware, software, communications infrastructure) to run Epic EMR, as well as the technical resources to help maintain the Epic EMR for continued day-to-day operations. However, the audit revealed an area of concern: although EITS maintains a 24-hour, 7-days-per-week, agency-wide helpdesk facility to support users in need of technical assistance, its data indicates that the average timeframes in which it resolved higher-priority service-restoration issues affecting the Epic EMR at Elmhurst HC significantly exceeded its own targets, a condition that, if not addressed, could potentially delay the delivery of services to patients.

The audit recommended that EITS should assess its helpdesk operations with regard to the resolution of reported Service Restoration incidents to identify the probable causes for missing Service Level Agreement (SLA) targets, such as, if applicable, a lack of resources, inadequate training, or others, and develop solutions to improve the timeliness of its resolutions.

In its response, H+H agreed with the audit finding and recommendation. H+H stated that they had implemented the audit recommendation by adding skilled resources and training in the Epic help desk oversight.

### Audit Follow-up

H+H reported that the audit recommendation has been implemented.

## DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Audit Report on the New York City Department of Health and Mental Hygiene's Follow-up on Violations Found at Group Child Care Centers

Audit #: MH17-056A

Comptroller's Audit Library #: 8596

Issued: June 28, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City (City) Department of Health and Mental Hygiene (DOHMH) has adequate controls to ensure that it effectively follows up on violations found at DOHMH-permitted center-based group child care (GCC) centers. DOHMH is authorized by Chapter 22 of the City Charter to enforce the provisions of the City's Health Code. Article 3 of the Health Code authorizes DOHMH to conduct inspections of any premises within its jurisdiction, including child care centers, to foster compliance with the code.

GCC programs provide child care to three or more children under six years of age for five or more hours per week and for more than 30 days in a 12-month period, primarily in non-residential space. These programs are licensed by the City and regulated by Article 47 of the City Health Code. The responsibility for ensuring that child care programs comply with the Health Code falls on DOHMH's Bureau of Child Care (BCC).

BCC protocols call for GCC centers to be inspected annually for two separate purposes: one related to the GCC center's physical premises and the other one related to the GCC center's program operations. The three types of violations that may be observed during an inspection for which a citation may be issued are: (1) public health hazards (PHHs) for those violations that may present an *imminent* threat to the health and safety of children and must be corrected by the GCC provider within 24 hours of citation or, if the violation is not corrected while the inspector is at the GCC, an "interim control" must be put in place to mitigate the risk until the violation has been corrected; (2) critical violations for *serious* violations that must be corrected by the GCC provider within 14 days of citation; and (3) general violations for the least severe type of violations that must be corrected by the GCC provider within 30 days of citation. A GCC center found to have one or more PHHs, one or more critical violations or six or more general violations during an inspection should be re-inspected within 45 days of the inspection to determine whether the violations have been corrected. Depending on the nature of the violation, it is acceptable for the GCC provider to submit documents that establish that cited conditions had been corrected to clear violation within this timeframe. In such cases, a re-inspection is not required.

The BCC inspection staff use handheld devices (tablets) in the field to access facility records and previous inspections information, to review notes and history, and to record investigation results. Upon completion of the inspection, the inspector "synchs" the tablet to send the inspection results back to the Child Care Application Tracking System (CCATS), an in-house system developed by DOHMH to track permit applications, but which it also uses to record inspections and violations.

### Results

The audit found that DOHMH has adequate controls to ensure that inspectors follow up on violations found at DOHMH-permitted GCC centers in a timely manner. However, DOHMH needs to strengthen its controls to provide greater assurance that inspectors ensure that the interim controls implemented to address uncorrected public health hazards adequately mitigate the violating conditions. This is of particular concern because interim controls are required in

situations where violations are cited that may present an *imminent* threat to the health and safety of children. DOHMH also needs to strengthen its controls to better ensure that inspectors take appropriate actions when conducting their follow-up so that they do not inappropriately deem violations to be corrected.

DOHMH has programmed CCATS to assign inspections of those providers that have outstanding citations to help ensure that inspectors promptly follow-up on violations. CCATS data reflected that 90 percent of citations issued for PHH and critical violations during the audit review period that required follow-up action—either re-inspection or documentation that the violations were addressed—had undergone such action within DOHMH's 45-day target. CCATS data also shows that 98 percent of the citations were cleared as of February 23, 2017 (the last day of the audit scope period), meaning that inspectors deemed the associated violations to be corrected.

However, DOHMH lacked evidence that it adequately monitors its inspectors to ensure that violations are satisfactorily addressed. The audit found little evidence that supervisors either review the interim controls reportedly established in response to PHH violations to ensure that uncorrected conditions are adequately mitigated or that they review inspectors' clearances to ensure that the cited violations are properly corrected. In a review of the supporting information for 28 sampled citations for PHH violations for which interim controls were reportedly implemented, the audit found insufficient evidence to indicate that the conditions for more than half of them were adequately mitigated. In fact, the audit team's review of CCATS for all 1,892 PHH-related citations issued between February 1, 2016 and February 23, 2017 revealed that the records for 19 percent of them—360 citations—had seemingly meaningless entries (e.g., punctuation marks with no other text, cryptic entries such as "NULL" and "N/A") in the *Interim Control* field. Additionally, the audit team's detailed review of 73 sampled citations that were cleared found insufficient evidence that the violations relating to approximately one-fifth of them were adequately corrected.

To address these issues, the audit made seven recommendations to DOHMH, including the following:

- DOHMH should require that adequate evidence is maintained in CCATS to support inspectors' determinations that violations have been appropriately corrected.
- DOHMH should implement a method by which documented supervisory reviews of violation corrections can be recorded in CCATS.
- DOHMH should require that supervisors document their reviews of the interim controls established for PHH violations and ensure that the controls adequately mitigate the hazardous conditions cited.

Of the audit's seven recommendations, DOHMH agreed with two, partially agreed with one, stated that two pertained to procedures already in place, disagreed with one and did not directly address one. DOHMH also disagreed with the audit's findings that weaknesses identified in DOHMH's monitoring of inspectors increase the risk that cited conditions in GCCs will not be adequately corrected.

### **Audit Follow-up**

DOHMH reported that the seven audit recommendations have either been implemented or are in the process of being implemented. DOHMH reported that a revised CCATS/Handheld upgrade will be launched in 2019. This upgrade "will result in improvements in those areas where the audit found lapses."



## DEPARTMENT OF HOMELESS SERVICES

Audit Report on Advance Payments Made by the Department of Homeless Services to Adult Shelter Providers

Audit #: FP17-099A

Comptroller's Audit Library #: 8554

Issued: January 3, 2018

Monetary Effect:	Actual Revenue:	\$9.7 million
	Potential Revenue:	\$2.1 million

### Introduction

This audit was conducted to determine whether advance payments made by the Department of Homeless Services (DHS) to Adult Shelter Providers were issued and recouped in accordance with the terms of the relevant registered contracts and with the DHS's policies and procedures set forth in its Fiscal Manual that were applicable during the audit scope period, Fiscal Year 2015 and Fiscal Year 2016 (July 1, 2014, through June 30, 2016).

DHS is the City agency responsible for providing temporary emergency shelter and social services to eligible homeless adults and families. DHS contracts with nonprofit and for-profit entities to provide those services. While these contracts generally provide for payment only after services have been provided, DHS's contracts allow the service providers to request and receive cash advances in anticipation of services to be rendered. During the two-year period that was the focus of the audit, DHS's Human Service Providers Fiscal Manual (Fiscal Manual) prescribed four principal conditions for such advance payments to be made: (1) an advance could be given only at two designated points in time—the beginning of the contract term, and the beginning of each of the City's fiscal years during the contract term; (2) an advance could be used only to cover allowable costs for the provision of shelter and social services under the contract; (3) the maximum amount of any advance would be two months of the annual contract amount; and (4) DHS would fully recoup any advance against the provider's monthly invoices during the fiscal year in which the advance was made.

During Fiscal Years 2015 and 2016, DHS had contracts with Adult Shelter Providers in the amounts of \$307 million in Fiscal Year 2015 and \$335 million in Fiscal Year 2016. During those fiscal years, DHS made advance payments to those providers totaling \$55.4 million and \$82.7 million.

### Results

The audit found that DHS did not consistently follow its procedures for the issuance and recoupment of the payments it advanced to providers. As a result, as of September 14, 2017, or approximately three months into Fiscal Year 2018, DHS had failed to recoup \$11.8 million it had advanced to providers in two prior fiscal years, consisting of \$75,704 advanced for Fiscal Year 2015 and \$11.7 million advanced for Fiscal Year 2016.

To address these issues, the report made nine recommendations, seven to DHS and two to the Mayor's Office:

DHS should:

- Develop and implement a plan to recoup the \$11.8 million in outstanding advance payments made for Fiscal Years 2015 and 2016.
- Ensure that requests and approvals for advances in excess of the 25 percent allowed by the new Fiscal Manual are properly tracked and documented.

- Document, track, and reconcile all recoupments made via checks received from providers and assignments until Accelerator (the City's central human services procurement and financial transaction computer system) is updated and able to reflect this information.
- Limit advance payments to amounts that can reasonably be recouped under the contract. In cases where advanced funds cannot be fully recouped on schedule, formally establish an alternative recoupment plan that is documented, implemented, and tracked to ensure that advances are fully recouped.
- Ensure that all future contracts and fiscal year close-outs are completed soon after contract termination or the submission of the final invoice for the fiscal year which should occur a short time after September 1st.

The Mayor's Office should:

- Conduct a comprehensive assessment of Accelerator functionality and system controls and determine whether it is feasible to implement system edits that: (1) prevent advance payment requests made after the beginning of the fiscal year from being approved and processed in Accelerator without written justifications and executive level approval; and (2) would allow advance recoupments made via checks or assignments to appear as an offset to an advance and be reflected accordingly in the system instead of continuing to appear as outstanding.
- In light of the audit's findings, evaluate the policy changes reflected in the recently revised Fiscal Manual that permit increased amounts of contract advances, extended recoupment schedules, and the use of recoupment-payment plans to ensure that funds are not being put at risk.

In the response submitted by the New York City Department of Social Services (DSS) on behalf of DHS, the agency agreed with two of seven recommendations and disagreed with the remaining five audit recommendations. However, in its response, DSS refers to actions that have been taken to address the issues identified in this audit, including ongoing efforts that have been made to recoup outstanding advance balances from DHS's Fiscal Years 2015 and 2016 contracts. In its response, DSS also stated that the "audit took place while the Department of Homeless Services . . . was in the midst of a significant reorganization, and had undertaken a significant examination and reform of many of the very policies and processes at issue in this audit." DSS's response refers specifically to the integration of DHS within DSS and the issuance of a new Fiscal Manual, effective July 2017—one year after the audit scope period. Accordingly, the new policies and procedures referenced in DSS's response were not in effect during the scope of our audit.

Moreover, it is not clear that those new policies and procedures are intended to—or will—result in the timely recoupment of DHS's advance payments to adult shelter providers because the new policies and procedures have effectively *removed* previous maximum limits on the amounts of money DHS may advance, and they expressly permit advances not recouped to remain outstanding from one year to the next, with no clear deadline for recoupment, such as the expiration of the contract in which the advances were paid.

### **Audit Follow-up**

DHS reported that it continues to disagree with five recommendations and the remaining two recommendations have either been implemented or are in the process of being implemented. DHS reported that to date, \$9.7 million (82 percent) of outstanding advanced payments have been recouped.

The Mayor's Office reported that it continues to disagree with and is not implementing the two audit recommendations.

## NEW YORK CITY HOUSING AUTHORITY

### Audit Report on the New York City Housing Authority's Tenant Selection Process

Audit #: ME16-118A

Comptroller's Audit Library #: 8575

Issued: June 1, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Housing Authority (NYCHA) ensures that new applicants awarded NYCHA apartments are selected from certified waiting lists and meet post-certification screening requirements.

NYCHA's mission is to increase opportunities for low-to-moderate income New Yorkers by providing safe, affordable housing and by facilitating access to social and community services. More than 400,000 New Yorkers reside in NYCHA's 326 public housing developments across the City's five boroughs.

The focus of this audit was on applicants determined to be eligible and placed on certified waiting lists (18,565 as of March 6, 2017), and on the 3,938 new applicants awarded apartments during Fiscal Year 2016. The audit did not examine the circumstances of the 1,469 applicants that were in the eligibility review phase or the 237,109 applicants that NYCHA identified as being on its preliminary waiting lists but not yet called in for an eligibility interview as of March 6, 2017.

NYCHA's Applications and Tenancy Administration Department (ATAD) is responsible for processing new housing applications. ATAD determines eligibility based on information provided by the applicant, including a completed application form and documentation submitted during an eligibility interview, as well as on various screening checks conducted by ATAD personnel during the eligibility review phase. Screening checks include use by ATAD of the United States Department of Housing and Urban Development's (HUD's) Enterprise Income Verification (EIV) System to determine, among other things, whether any household members listed on the application are already receiving subsidies from another public housing authority.

In addition, ATAD is required to screen family behavior and suitability for tenancy by reviewing Housing Court information and by contacting prior and current landlords to determine whether an applicant has had difficulty meeting rent obligations or has a history of disturbing neighbors, destroying property, or having poor housekeeping practices. If the applicant submits all of the required documentation and passes the EIV, Housing Court and landlord contact screenings, the applicant is then certified to a waiting list.

When an applicant is selected for an apartment from a certified waiting list, NYCHA is supposed to conduct additional checks before offering that applicant an apartment. All applicants and household members 16 years of age and older must undergo and pass criminal and sex offender background checks. In addition, NYCHA development staff are required to perform a second EIV search for all household members listed on the application.

If the applicant passes these additional checks, applicants must then provide the development with rental receipts or letters from their current landlords evidencing their timely payment of rent. If an apartment is offered, an applicant is required to pay a security deposit and the first month's rent before moving into the apartment.

## **Results**

The audit found that NYCHA has limited assurance that the applicants who were offered apartments, and their household members, had been properly screened prior to their moving in. NYCHA did not maintain adequate documentation to demonstrate that the required criminal and sex offender background checks and post-selection/pre-offer EIV searches were consistently conducted and accurately reported. This was due in part to NYCHA's practice of uploading copies of the criminal history and sex offender reports only when they reflected adverse results. As a result, there was no way to verify from the files that these required checks were done and that their results were accurately reported. Similarly, with respect to post-selection/pre-offer EIV searches, in most instances NYCHA records contained no entries or documents showing that the searches had been conducted. In the absence of such evidence, NYCHA cannot be assured that those required screening measures were consistently taken.

Furthermore, the audit found that NYCHA's current practice of performing Housing Court searches and landlord contacts prior to placing an applicant on a certified waiting list—where an applicant may remain for years—means that a significant amount of time may elapse between when those checks are completed and when the applicant is offered an apartment. Since this information is not updated just prior to a NYCHA apartment being offered to the applicant (with the exception of contacting the current landlord concerning the payment of rent), there is an increased risk that intervening events could have occurred, unknown to NYCHA, that if known, would have changed NYCHA's decision to offer the apartment to the applicant. In addition, NYCHA did not ensure that its developments consistently reviewed certain key documentation before new applicants moved into NYCHA apartments.

To address these issues, the audit recommends, among other things, that:

- NYCHA ensure that the reports it receives from external sources as a result of its required criminal and sex offender background checks are maintained and readily available at the agency for management review purposes.
- NYCHA ensure that required post-selection/pre-offer EIV searches are performed and documented for all members of an applicant's household after an applicant is selected for an apartment and prior to move-in.
- NYCHA consider re-performing Housing Court searches and landlord contacts after applicants are selected for an apartment and just prior to being offered one if a considerable amount of time has elapsed since these searches and contacts were previously performed.
- NYCHA developments ensure that all required documentation is obtained and reviewed by development officials before new tenant move-ins and that evidence of that review is maintained in tenant folders.

In its response, NYCHA agreed to implement five recommendations and to consider implementing three recommendations. The agency disagreed with our recommendation that it consider re-performing Housing Court searches and landlord contacts for an applicant if a considerable amount of time has elapsed since these searches and contacts were previously performed for that applicant.

## **Audit Follow-up**

NYCHA reported that eight recommendations have either been implemented or are in the process of being implemented and continues to disagree with the remaining recommendation.

## NEW YORK CITY HOUSING AUTHORITY

### Audit Report on the New York City Housing Authority's Maintenance and Inspection of Its Playgrounds

Audit #: SR17-127A

Comptroller's Audit Library #: 8565

Issued: April 4, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Housing Authority (NYCHA) is maintaining its playgrounds located within NYCHA developments in satisfactory condition and whether NYCHA is complying with its own policies and procedures for conducting inspections.

NYCHA is the largest public housing authority in North America, with more than 400,000 New Yorkers residing in its 326 developments across the City's five boroughs. Auditors inspected all 788 playgrounds that NYCHA maintains at 238 developments. NYCHA's Standard Procedure, Administration of Development Grounds, provides uniform, detailed instructions and procedures for each development's grounds-keeping staff to utilize when conducting monthly inspections of its playgrounds and for entering the inspection results into "Maximo," the asset and work management software system used by NYCHA to manage the maintenance and repair of its physical assets.

Within NYCHA, playground maintenance is primarily the responsibility of each development's grounds-keeping staff, under the overall direction of a development-based Superintendent. Supervising Housing Groundskeepers (SHGs) at each development are responsible for directly implementing grounds plans, and monitoring grounds operations. Specifically, the SHGs are supposed to (1) conduct daily inspections of the grounds, including playgrounds; and (2) complete a detailed monthly Grounds and Playground Inspection Report, also known as an Inspection Work Order, in the Maximo system. At the same time, each development's Housing Manager has overall responsibility for all development operations, which includes inspecting the grounds and related facilities on a regular basis.

In addition to this development-based staff, two NYCHA departments, NextGeneration Operations (NGO) and Property Management, are responsible for overseeing property-management functions at the NYCHA properties under their respective jurisdictions. Regional Asset Managers from each of those two departments are responsible for providing comprehensive management of NYCHA properties and focus on maintenance and upkeep of all buildings, environmental systems, grounds, and fiscal administration.

### Results

The audit found that NYCHA does not have adequate controls over playground inspections and does not ensure that its playgrounds are maintained in a clean and safe manner. Specifically, our inspections of all 788 NYCHA-maintained playgrounds—located in 238 NYCHA developments—found unsatisfactory conditions in 549 (70 percent) of the playgrounds and good or satisfactory conditions in 239 playgrounds (30 percent). The audit found numerous playgrounds with substandard and visibly hazardous conditions, including missing and broken play equipment (some with exposed jagged edges), loose and deteriorated safety surfacing, tripping hazards, debris, erosion, and unkempt vegetation.

Auditors also conducted follow-up visits of developments with substandard and hazardous playground conditions and found that almost half of those developments had not prepared or

retained mandated monthly inspection reports. In those cases where inspection reports were available, the audit found that the reports did not consistently reflect the conditions found during our inspections of the playgrounds. Additionally, each inspection report is required to be signed by both (1) the NYCHA staff member who performed the inspection; and (2) either the Superintendent or the Housing Manager. However, the audit found numerous reports that were missing the reviewers' signatures. Further, the audit found that NYCHA's development staff are not recording the results of their monthly inspections of the grounds and playgrounds in Maximo, as required by NYCHA's written procedures, a significant omission that deprives NYCHA of a reliable, current, and easily accessible record of the condition of all of its playgrounds.

Based on these findings, the audit made nine recommendations, including that NYCHA should: inspect all 788 playgrounds; make every playground it manages fully operational in a timely manner; ensure that development grounds and playgrounds are all being inspected monthly; evaluate and address the causes of the failures that allowed substandard and in some cases hazardous conditions in 549 NYCHA playgrounds to go unaddressed; enforce agency policy that requires development staff to utilize the agency's Maximo system to automatically schedule monthly grounds and playground inspections, document inspection results and to create and track work orders; ensure that development-based Housing Managers and Superintendents require their staffs to perform thorough monthly inspections, document inspection results and sign monthly inspection reports; and that NextGeneration Operations and Property Management departments randomly and continuously inspect NYCHA playgrounds, inform the responsible development managers and supervisors of any unacceptable conditions that require immediate attention, and follow up to ensure that all such conditions are remedied.

In its response, NYCHA generally agreed with all of the recommendations. However, it disagreed in part with one recommendation that it ensure that development-based Housing Managers and Superintendents conduct and document the results of inspections to confirm the accuracy of the findings contained in routinely filed inspection reports. NYCHA stated that it "is committed to providing safe, clean, and connected communities for everyone who lives in public housing. NYCHA has taken steps since the initial audit findings to address the hazardous conditions found at its playgrounds."

### **Audit Follow-up**

NYCHA reported that all of the audit recommendations have either been implemented or are in the process of being implemented. NYCHA also states that "the automated inspection and reporting" is scheduled to be built into NYCHA's Maximo system by the second quarter of 2019.

## HOUSING PRESERVATION AND DEVELOPMENT

Letter Report on the Follow-up Review of the Development of City-Owned Vacant Lots by the New York City Department of Housing Preservation and Development

Audit #: SR18-074FL

Comptroller's Library #: 8559

Issued: February 6, 2018

Monetary Effect: None

### Introduction

A follow-up review was conducted to determine whether the New York City Department of Housing Preservation and Development (HPD) made progress toward establishing realistic development schedules for 1,125 City-owned vacant lots under its stewardship. This review follows the *Audit Report on the Development of City-Owned Vacant Lots by the New York City Department of Housing Preservation and Development*, Audit #FM14-112A, issued on February 8, 2016 (Vacant Lots Audit).

The Vacant Lots Audit found that HPD failed to adequately plan for the timely disposal of 1,125 City-owned vacant lots with some vacant lots remaining undeveloped in the City's possession for as much as 50 years, or longer. In its response to the Vacant Lots Audit, HPD had stated that “[y]our assertion that HPD allows vacant City-owned properties to languish in the face of the affordable housing crisis is simply wrong.” HPD contended that in its view, the audit “omit[ted] important tasks related to the development of new affordable housing on vacant City-owned property,” such as HPD's consultation with neighborhood residents and partners, the need to ensure that services such as schools, transportation, police and hospitals are sufficient to support new residential development, and the need to time investments in changing neighborhoods to use the City's financial resources responsibly and ensure that affordable housing developments are financially successful for the long term.

The follow-up review sought to determine whether HPD adhered to the schedule for the transfer of the vacant lots that it set for itself, presumably taking into account all of the factors it cited above. In particular, the review sought to determine: (1) whether HPD transferred or would transfer the 525 lots to developers by the dates projected in its September 18, 2015 schedule, including specifically the 454 lots that it scheduled for transfer to developers by June 30, 2017; and (2) whether HPD set realistic time schedules for transferring to developers the remaining 600 lots (out of the 1,125 in our audit scope), for which HPD, as of September 18, 2015, had not established any target transfer dates.

### Results

The follow-up review found that HPD failed to follow its own time schedule for transferring vacant lots, and in particular, that it failed to meet its stated schedule for the transfer of 454 vacant lots it had designated for transfer by June 30, 2017. Specifically, the review found that in the two-year period between September 18, 2015 and September 18, 2017, of the 1,125 lots, HPD transferred 64 (less than 6 percent) for development, 54 (less than 5 percent) to other City agencies while the remaining 1,007 (nearly 90 percent) stayed in HPD's inventory. At this rate, it will take HPD approximately 17 years to transfer the remaining lots. In addition, HPD failed to transfer 360 of the 454 lots (79.3 percent) that it had previously scheduled for transfer to developers by June 30, 2017 and HPD failed to even designate a projected transfer date for 588 lots (52 percent). Thus, HPD is not setting realistic timetables for transferring its undeveloped lots to developers for the construction of new housing or other appropriate development purposes.

Based on the findings, the follow-up review reissues two recommendations and makes one additional recommendation.

- HPD should develop and propose a realistic time schedule for transferring the City-owned lots in its inventory to developers or other City-agencies.
- HPD should take into consideration the required interim steps and the time frames in which they should be completed when determining the time schedule for the transfers of the lots in its inventory. Those steps should include:
  - Selection of a developer for a specific site;
  - Submission of architectural plans by developer;
  - Approval of architectural plans;
  - Meeting with community representatives;
  - ULURP process;
  - Obtaining financing; and
  - Obtaining all necessary approvals from within HPD to proceed with the project and transfer the lots.
- As it establishes a realistic schedule for the transfer and development of the vacant City-owned lots in its inventory, HPD should systematically track its progress in completing the required steps, document the reasons for deferrals of projected transfer dates, when applicable, and adjust the schedule based on the interim steps that remain to be completed and the time frames in which they should be completed.

HPD stated it disagrees with our findings and the conclusion of this report. HPD did not address the report's recommendations.

In its response, HPD has attempted to deflect attention from this review's findings that HPD has continued to fail to set realistic development schedules for 1,125 City-owned vacant lots under its stewardship. Rather than responding directly to the follow-up review's specific findings, HPD recites the reported accomplishments of the Mayor's *Housing New York* plan, a matter not at issue in either the original audit or this follow-up review. Notwithstanding HPD's claims about the City's recent housing development and preservation efforts, the central findings of the audit are undisputed: more than 1,000 lots in HPD's inventory have remained undeveloped during a housing crisis, some of them for as long as 50 years, and HPD's projected transfer dates for most of those lots either have been repeatedly deferred or are yet "to be determined."

### **Audit Follow-up**

HPD disagrees with the audit recommendations and reported that it has practices in place to develop realistic time lines for transferring vacant lots to developers or other City-agencies; considers all necessary steps to manage the lots; and carefully tracks the progress of the developments.



## HUMAN RESOURCES ADMINISTRATION

Audit Report on the New York City Human Resources Administration's Home Care Services Program's Controls over Personally Identifiable Information

Audit #: SI18-061A

Comptroller's Audit Library #: 8590

Issued: June 26, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Human Resources Administration (HRA) Home Care Services Program's (HCSP's) controls over personally identifiable information (PII): (1) has adequate controls over the PII that is being collected and stored; and (2) is properly securing personal information from unauthorized access.

HRA provides economic support and social services to families and individuals through the administration of various programs, including Cash Assistance, the Supplemental Nutritional Assistance Program, Medicaid, Child Support Services, HIV/AIDS Services, Adult Protective Services, assistance for survivors of domestic violence and Home Care Services, the program covered by this audit.

The HCSP provides access to a variety of Medicaid-funded long-term care programs designed to help eligible elderly or disabled individuals remain safely at home, rather than in a nursing home or other institution. Specifically, the HCSP provides home care services to eligible clients and determines Medicaid eligibility for the clients of New York State's Managed Long Term Care program. To achieve its goal, the HCSP uses several specialized applications to collect, process, store, and transmit information, including PII, about its clients.

### Results

Although HRA has several information security controls in place, such as firewalls and antivirus software to protect its IT systems, as well as physical security for its work areas and locked bins and shredding contracts for the disposal of papers, the audit found weaknesses in HRA's controls for IT application access, data protection, and data classification. As a result, PII is not fully protected in HRA's computerized environment. Specifically, the following control weaknesses were identified:

- Password functionality controls did not work in two applications;
- HRA did not always implement and enforce DoITT's initial password-expiration and complexity rules;
- HRA did not lock users' access to its systems after a predetermined number of unsuccessful login attempts;
- At least one HRA application does not comply with DoITT's and HRA's own 90-day password-expiration rules;
- User-access had not been disabled for inactive users and former City employees; and
- HRA workstations did not block access to clients' information that was stored in the network folder.

The audit also found that HRA's document titled *Business Continuity and Disaster Recovery Plans* is outdated and that three of HRA's applications are not in compliance with DoITT's *Data*

*Classification Policy.* Moreover, HRA did not physically secure the hard-copy documentation that was stored in its premises until it could be scanned and stored off-site. Finally, HRA has not promptly addressed reported vulnerabilities in one application that could allow attackers to gain unauthorized access to restricted information, modify, delete and steal data, shut down an agency server and affect services.

To address these issues, we recommend that HRA:

- Ensure that its password functionality controls work;
- Ensure that initial passwords are changed immediately upon the first login;
- Comply with DoITT's Password Policy and HRA's Account and Password Management Policy;
- Ensure that all accounts remain locked for a minimum of 15 minutes to a user who has made five sequential invalid login attempts;
- Ensure that user account passwords are changed every 90 days;
- Prevent users from reusing any of the last four passwords they previously used;
- Immediately disable former and inactive employees' user accounts in all of its applications and thereafter conduct periodic reviews to identify and disable the user accounts of former and inactive employees;
- Deactivate the accounts of any users who have not logged into the applications within the time frames established in the HRA Account and Password Management Policy;
- Ensure that access to the network folder is restricted based on users' defined roles;
- Review and update HRA's business continuity and disaster recovery plans to include the current applications;
- Perform the required disaster recovery testing;
- Identify and prepare an alternate site for data processing and communications functions;
- Ensure data classification is completed and appropriate controls are implemented to safeguard the data based on its classification;
- Comply with applicable regulations and HRA policy for securing and storing physical documentation that contain PII; and
- Address all detected vulnerabilities by applying the proper patches and configuration changes.

In its response, HRA generally agreed with 14 of the 15 recommendations and partially agreed with one recommendation. HRA's written response to the draft report expressed a concern that certain section headings of the draft "g[a]ve the impression" that password controls were lacking generally in the agency rather than in specific aspects of its IT environment, as the report sections themselves made clear. The audit report headings were adjusted to eliminate any such concerns. HRA's additional comments are presented in the relevant sections of this report.

### **Audit Follow-up**

HRA reported that all of the audit recommendations have either been implemented or are in the process of being implemented.

## COMMISSION ON HUMAN RIGHTS

### Audit Report on the City Commission on Human Rights' Controls over Its Inventory of Computers and Computer-Related Equipment

Audit #: ME18-062A

Comptroller's Audit Library #: 8579

Issued: June 13, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Commission on Human Rights (CCHR) had adequate controls in place over its inventory of computers and related equipment. The primary scope for the audit was July 1, 2016 through January 26, 2018.

CCHR is responsible for enforcing the New York City Human Rights Law (Title 8 of the Administrative Code of the City of New York). Under that law, it is illegal to discriminate against persons seeking employment, housing, and public accommodations on the basis of, among other things, age, race, national origin, sexual orientation, gender identity, religion/creed, and citizenship status.

CCHR has two major Bureaus—Law Enforcement and Community Relations. The Law Enforcement Bureau is responsible for the intake, investigation and prosecution of complaints alleging violations of the Human Rights Law. The Community Relations Bureau provides public education regarding the Human Rights Law and assists in cultivating an understanding and respect for the City's many diverse communities through the agency's borough-based Community Service Centers (CSCs) and various educational and outreach programs. CCHR has five CSCs, one in each borough. The Manhattan office is a combined central office and CSC.

CCHR's inventory of computers and related equipment is managed and tracked through use of a handheld scanner to upload the asset tag and serial numbers of computer-related items into its Inventory Management System. According to CCHR policy, all computers and related items with a value of \$50 or more should be tagged.

From July 1, 2015 through June 30, 2017, CCHR expended approximately \$200,000 on computers and related equipment. As of August 18, 2017, CCHR's Asset Inventory Listing (inventory list) identified a total of 1,062 computers and related items.

### Results

The audit found that CCHR needed to improve its controls over the agency's inventory of computers and related equipment. CCHR's policies and procedures did not provide sufficient guidance to its staff for the accounting and safeguarding of its computers and related equipment. In addition, the agency did not ensure that annual inventory counts were conducted.

Although CCHR was generally able to account for the items sampled from its inventory records, the audit found a number of inventory weaknesses relating to the tagging of computer assets, the maintenance of an accurate inventory list of those assets, and their disposal.

Improvement in CCHR's controls over its inventory operations would help reduce the risk of its computer assets being misplaced or misappropriated.

To address these issues, the audit recommended, among other things, that:

- CCHR develop and disseminate detailed written policies and procedures governing the agency's management of its inventory of computers and related equipment.

- CCHR conduct independent annual inventory counts of its computers and related equipment.
- CCHR ensure that all computers and related items worth more than \$50 are, upon receipt, promptly tagged and recorded in the agency's inventory records.
- CCHR ensure that asset tag numbers are issued in sequential order and that any gaps in those numbers are investigated and the reasons for them adequately documented.
- CCHR ensure that it assigns a unique asset tag number to each item and that no items are distributed to staff until the items have been tagged and the tag numbers have been added to the inventory list.
- CCHR ensure that asset information is correctly recorded on its inventory records, both when an item is initially received and when an update is needed, such as when an asset is reassigned or relocated.
- CCHR ensure that all of the items claimed to have been disposed of are easily traceable from the disposal records to the inventory records

In its response, CCHR stated that the agency agreed to implement all 11 of the audit's recommendations.

### **Audit Follow-up**

CCHR reported that all of the audit recommendations have either been implemented or are in the process of being implemented.

## DEPARTMENT OF INFORMATION AND TECHNOLOGY AND TELECOMMUNICATIONS

Letter Report on the Installation of LinkNYC Kiosks in New York City as Provided by CityBridge, LLC

Audit #: SZ17-139AL

Comptroller's Library #: 8589

Issued: June 26, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether CityBridge installed the LinkNYC Kiosks (Kiosks) with the required key features. According to the City's agreement with CityBridge, the installation of Kiosks will be broken down into eight phases for the installation of over 7,500 Kiosks across the five boroughs. This audit was conducted of Phase I of the installation of the Kiosks and is the first in a series of audits of the ongoing installation of Kiosks.

The Department of Information Technology and Telecommunications (DoITT) was established to, among other things, provide for the sustained, efficient and effective delivery of information technology (IT) services, infrastructure and telecommunications to enhance service delivery to the City's residents, businesses, employees and visitors. DoITT serves 120 City agencies, boards, offices, and more than 8 million City residents and 300,000 employees. It aims to provide New Yorkers and the agencies that serve them with innovative and accessible technology solutions.

On December 10, 2014, the Franchise and Concession Review Committee (FCRC) unanimously approved a non-exclusive franchise agreement that authorizes CityBridge to install, operate, and maintain public communications Kiosks.

The key features of the Kiosks include functionalities that will:

- Enable users to use their personal devices to connect to LinkNYC's free Wi-Fi;
- Provide access to City services, maps, and directions from a touch screen tablet;
- Enable users to make free phone calls to anywhere in the U.S. by using the Vonage app on the tablet or the tactile keypad and microphone, and to plug in their personal headphones for privacy;
- Provide a dedicated red 911 button for use in the event of an emergency;
- Enable users to charge their personal devices, using the Kiosk's power-only Universal Serial Bus (USB) port; and
- Provide two 55" HD displays for public service announcements and advertising.

Built at no cost to taxpayers, the five-borough LinkNYC network is projected to, through advertising proceeds, generate more than \$500 million in revenue for the City over the initiative's first 12 years. According to DoITT, by replacing an aging network of public pay telephones with state-of-the-art Kiosks, CityBridge will transform the physical streetscape with a sleek design, enhance New Yorkers' access to information, and create new local jobs for the development, service, and maintenance of the Kiosks.

Over an eight-year period, CityBridge will install over 7,500 Kiosks across the five boroughs. In Phase I, a total of 510 Kiosks were scheduled to be installed though out the five boroughs.

## **Results**

The audit found that all 510 Phase I Kiosks have been installed as provided by the franchise agreement. In addition, the audit found that the Kiosks installed in Phase I contained the required key features and generally, with some exceptions noted below, were at the time of sampling operating as intended. Specifically, the audit found that:

- 420 of 510 tablet screens (82 percent) were operating as intended;
- 384 of 510 Kiosks (75 percent) enabled users to make phone calls;
- 483 of 510 Kiosks (95 percent) were able to connect to LinkNYC free Wi-Fi;
- 484 of 510 Kiosks (95 percent) had operable USB charging ports that could charge cellular devices; and
- 486 of 510 left-side advertising screens (95 percent) and 482 of 510 right-side advertising screens (95 percent) were operating on the Kiosks.

The audit recommends that DoITT should: (1) ensure that CityBridge fulfills its contractual obligations by ensuring that the Kiosks' Wi-Fi feature is functioning at the level required by the agreement; and (2) ensure that CityBridge repairs the key features that were not functioning during our tests.

In its written response, DoITT stated that, "We are pleased with your finding that, overall, the kiosk services generally operated as intended." DoITT further states, "DoITT agrees with the recommendations and will continue to work with CityBridge to meet the LinkNYC Wi-Fi levels of availability with respect to the agreement. We will also verify the operability of key features not functioning during your tests."

## **Audit Follow-up**

DoITT reported that both recommendations have been implemented.

## DEPARTMENT OF INVESTIGATION

Letter Audit Report on the Department of Investigation's Monitoring of Its Employees Who Drive City-Owned or Personally-Owned Vehicles on City Business

Audit #: SZ18-065AL

Comptroller's Audit Library #: 8542

Issued: December 12, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Department of Investigation (DOI) is effectively monitoring employees who drive City-owned or personally-owned vehicles on City business. This audit does not include a review of DOI's monitoring and controls over its drivers' vehicle usage, which will be discussed in a separate report.

New York City requires that employees who operate City-owned or personally-owned vehicles to conduct City business must exercise reasonable care when driving them. This requirement is outlined in the City of New York's City Vehicle Driver Handbook (Handbook). Agency heads, working through their Agency Transportation Coordinators (ATCs), must ensure that all employees who are assigned a City-owned vehicle, either for full-time use or temporary use, are authorized by their respective agencies to drive. The ATC must also ensure that each driver has a valid license. An employee's driver's license must be issued by New York State (NYS) unless the employee is exempt from City residency requirements. In that case, the authorized driver must have a valid license from the state where he or she resides, and in all cases the license must have the appropriate classification for the vehicle that the employee will be driving on City business. The Handbook further specifies that City agencies must establish programs that promote driving safety along with proper training in the use of motor vehicles.

City agencies participating in the New York State Department of Motor Vehicles ("DMV") License Event Notification System ("LENS") program are separately required to monitor the driving behavior of their employees. Pursuant to the LENS program, each participating agency's ATC will be notified of any event that affects the status of an agency driver's license, such as expiration, the accumulation of points, an accident, and charges against an employee for driving while impaired or under the influence of alcohol or drugs. Monitoring such LENS notifications enables the ATC to ensure that only employees with valid licenses are driving on City business.

With respect to the use of City-issued parking permits, drivers must be aware of their agency's in-house procedures, including areas where City government vehicles are permitted to park. Parking permits must be properly displayed to ensure visibility through the windshield. Permits may be used only for official City business in connection with the assigned City government vehicle or an authorized personal vehicle, and only as described by the parking permit and any other accompanying instructions.

DOI has authorized 385 employees to use agency vehicles.

### Results

The audit found that DOI effectively monitors the driving behavior of its authorized drivers. The agency subscribes to the Department of Motor Vehicles' (DMV's) License Event Notification System (LENS) program, receives its updates, and in a timely manner revokes the privileges of drivers who have suspended or revoked licenses, as prescribed by the applicable regulations. Based on each driver's driving history and driving abstract, DOI evaluates each driver and determines whether he or she should be allowed to drive a City vehicle. For those employees

who did not maintain an appropriate license status, DOI has policies and procedures to take appropriate disciplinary action, which could include termination. In addition, DOI takes steps to ensure that employees who do not live within New York State adhere to applicable state motor vehicle regulations, and the agency ensures that its licensed drivers have the appropriate license endorsements or classifications to drive their assigned vehicles. Moreover, DOI provides its employees with a required safety awareness program.

The audit recommended that DOI should continue to monitor the driving behavior of its authorized drivers and promote driver awareness and public safety programs, as required.

In its response, DOI agreed with the report's findings and stated, "The above audit revealed no recommendations and found that the Department of Investigation effectively monitors the driving behavior of its authorized drivers."



## DEPARTMENT OF INVESTIGATION

Letter Audit Report on the Department of Investigation's Monitoring of Its Employees Who Use E-ZPasses and Parking Permits While Driving City-Owned or Personally-Owned Vehicles on City Business

Audit #: SZ18-066AL

Comptroller's Library #: 8577

Issued: June 13, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Department of Investigation (DOI) is effectively monitoring its employees' use of City-provided E-ZPasses and parking permits in accordance with applicable rules and regulations.

New York City requires that employees who operate City-owned or personally-owned vehicles to conduct City business must exercise reasonable care when driving them. This requirement is outlined in the City of New York's *City Vehicle Driver Handbook* (Handbook). Agency heads, working through their Agency Transportation Coordinators (ATCs), must ensure that all employees who are assigned a City-owned vehicle, either for full-time use or temporary use, are authorized by their respective agencies to drive. The ATC must also ensure that each driver has a valid license. An employee's driver's license must be issued by New York State (NYS) unless the employee is exempt from City residency requirements. In that case, the authorized driver must have a valid license from the state where he or she resides, and in all cases the license must have the appropriate classification for the vehicle that the employee will be driving on City business. The Handbook further specifies that City agencies must establish programs that promote driving safety along with proper training in the use of motor vehicles.

In addition, the Handbook states that E-ZPasses should be issued only to authorized drivers who are responsible drivers. All E-ZPass usage must be reported to and monitored by the ATC. Drivers are allowed to use a City-sponsored E-ZPass only when conducting official City business and in connection with the approved use of a City government vehicle or an authorized personal vehicle. Subsequently, the driver must fill out a vehicle trip log detailing the vehicle's use and why it was needed so that accurate agency vehicle trip log books can be maintained. E-ZPasses are issued by the Metropolitan Transportation Authority/Bridges and Tunnels (MTA). The MTA sends detailed summary reports on travel to the agency's designated E-ZPass representative for review.

With respect to the use of City-issued parking permits, drivers must be aware of their agency's in-house procedures, including areas where City government vehicles are permitted to park. Parking permits must be properly displayed to ensure visibility through the windshield. Permits may be used only for official City business in connection with the assigned City government vehicle or an authorized personal vehicle, and only as described by the parking permit and any other accompanying instructions.

DOI has authorized 385 employees to use agency vehicles and E-ZPasses issued by MTA for City business. In Calendar Year 2017, DOI spent \$32,173 for E-ZPass usage.

### Results

The audit found that DOI properly monitors the use of E-ZPasses by its authorized drivers in accordance with applicable rules and regulations. DOI maintains the logs or trip tickets detailing agency E-ZPass usage as required by the City's and DOI's policies and procedures and keeps accurate track of its E-ZPass tags. In addition, the audit found that DOI was not using any vehicles

on the NHTSA recall list, and that DOI properly enforces the City's requirements for issuing agency parking permits.

In its written response, DOI agreed with the report's findings and stated that "The Department of Investigation (DOI) will continue to monitor, track and ensure proper use of City-provided E-Z Passes and parking permits as required by the City Of New York's City Vehicle Driver Handbook. Additionally, DOI will make certain that the vehicles on the National Highway Traffic Safety Administration (NHTSA) recall list are not being used."

## METROPOLITAN TRANSPORTATION AUTHORITY

### Audit Report on the New York City Transit's Controls over the Process of Handling Access-A-Ride Customer Complaints

Audit #: MJ17-086A

Comptroller's Audit Library #: 8557

Issued: January 19, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Metropolitan Transportation Authority (MTA) New York City Transit (NYCT) has established adequate controls over the Access-A-Ride (AAR) complaint resolution process. Specifically, the audit determined whether the controls provide reasonable assurance that: (1) all complaints are accounted for; (2) complaints are properly categorized; (3) complaints are adequately addressed and resolved in a timely manner; and (4) investigatory procedures are consistently followed.

Under the Americans with Disabilities Act of 1990 (ADA), public transportation authorities are required to provide a paratransit system for people with disabilities who are unable to use public bus or subway service. In New York City (City), NYCT administers the AAR paratransit service. This service, overseen by NYCT's Paratransit Division (Paratransit), provides shared-ride, door-to-door transportation throughout the five boroughs and in parts of Nassau and Westchester counties 24 hours a day, seven days a week, including holidays.

AAR primarily delivers service through contracts with a network of private vendors, including 13 Dedicated Carriers (DCs) and two Broker Car Service Providers (BCSPs). DCs use Paratransit-owned vehicles, which are specially-equipped buses and cars, to provide AAR trips. BCSPs provide transportation services to ambulatory passengers through a network of subcontracted livery and black car service providers. During Calendar Year 2016, Paratransit paid over \$292 million to DCs and over \$34 million to BCSPs for more than 6 million combined AAR trips.

This audit focused on NYCT's handling of customer complaints about AAR services provided by the DCs. Most of these complaints pertain to issues with drivers—including unsafe driving, rude drivers, and late pick-ups—as well as complaints about dispatchers and the conditions of vehicles. During Calendar Year 2016, there were 32,938 recorded AAR incidents related to DCs and unidentified carriers, and were included as part of this audit. Approximately 86 percent of the 32,938 incident records were based on calls made to the comment line.

### Results

The audit found internal control weaknesses in NYCT's processes for handling AAR complaints that have led to complaints never being investigated or not being investigated within required time frames. These deficiencies create increased health and safety risks to AAR customers and to the general public. Although the audit found that NYCT generally follows its internal procedures for receiving, processing, and referring AAR complaints to the appropriate Paratransit units for investigation, deficiencies in several areas were identified that need to be improved.

In particular, the audit found:

- NYCT does not adequately track complaint referrals and resolutions, which increases the risk that they will not be investigated in a timely manner, or at all.
- Further, the audit found insufficient controls over the Contract Management Unit's handling of referred complaints, including: no written policies and procedures governing

the investigations and verification processes performed by the Contract Management Unit's Contract Managers; and no evidence of the Contract Managers' assessment of the DCs' responses to the sampled referred complaints. As a result, NYCT had limited assurance that complaints were adequately addressed by the DCs, which increases the risk to public safety.

- There were inadequate reviews of incident data, which increased the risk that incidents will not be categorized correctly, will not be properly referred for investigation, and/or will not be closed within the prescribed time frames.
- NYCT has inadequate controls to enable it to provide reasonable assurance that AAR incidents are completely and accurately recorded in its database.

The audit made 14 recommendations, including the following:

- NYCT should modify the Oracle Service Cloud (OSC) system (Paratransit's primary database for recording and tracking AAR incidents) to enable better tracking of incidents and the results of investigations.
- NYCT should develop and disseminate written policies and procedures to appropriate personnel, including Contract Management Unit Contract Managers, detailing the required steps to be performed for each complaint referred for investigation, including initial complaint reviews, assessments of DCs' actions and follow-up reviews.
- NYCT should prepare written assessments of the DCs' investigative steps and corrective actions taken to address referred complaints.
- NYCT should require periodic supervisory reviews of the incident records to ensure that Paratransit Customer Relations Unit (CRU) agents are appropriately categorizing and referring complaints for investigation.
- NYCT should modify OSC to allow it to generate an exception report and/or audit trail, which would identify missing reference numbers and important record details, such as the means by which an incident was reported or the agent's name or unit. This would enable NYCT to investigate the cause of missing records and to assess whether any potential issues need to be addressed.

In its response, NYCT generally agreed with 13 of the audit's 14 recommendations. The agency disagreed with the recommendation that it require CRU agents to record their referral decisions in OSC and document their reasons for not referring complaints for investigation, arguing that NYCT currently has a procedure which already addresses this issue. However, the procedure NYCT refers to in its response merely provides guidance to CRU agents regarding how investigations should be conducted; it does not provide assurance that the procedure is actually followed and that agents are making the correct referral decisions.

### **Audit Follow-up**

NYCT reported that the 13 recommendations that NYCT agreed with have been implemented and that NYCT continues to disagree with the remaining recommendation.

## METROPOLITAN TRANSPORTATION AUTHORITY

Letter Audit Reports on the Telecommunication Services on the Metropolitan Transportation Authority:

- Queens Buses Phase I (SZ17-134AL)
- Manhattan Buses Phase I (SZ18-116AL)
- Brooklyn Buses Phase I (SZ18-117AL)

### Introduction

These audits were conducted to determine whether the telecommunication services on New York City's Metropolitan Transportation Authority (MTA) buses in Queens, Manhattan, and Brooklyn enable Wi-Fi and USB charging capabilities and are operating effectively.

In December 2015, the MTA entered into a contract with Celco Partnership, doing business as Verizon Wireless, granting Verizon Wireless the right to supply and deliver wireless voice and data services for a period of five years on the MTA bus system. The contract stipulates that Verizon Wireless will provide services, certain hardware, software and other components and data plans in connection with the MTA's project to purchase, install, and integrate an onboard public Wi-Fi system. According to the contract's "Wi-Fi Terms of Service" provision, "the service is provided as a free amenity to New York City Transit (NYCT) customers for entertainment and educational purposes and it's not intended to be a designated public forum." The provision further states that the service is not supposed to be used for multi-media streaming, continuous data transmission or broadcasts, automatic data feeds, automated machine to machine connections or peer to peer (P2P) file sharing, voice over internet protocol, or any application that is not made available to customer-users by NYCT and uses excessive network capacity. Further, the service is not intended to be used as a substitute or a back-up for private lines or a dedicated data connection.

In March 2016, Governor Andrew Cuomo announced that the MTA would add 2,042 new buses to its transportation fleet over a five-year period. The new buses, which have a distinctive blue-and-yellow color scheme (new-look buses), represent a \$1.3 billion investment of capital program resources and will replace almost 40 percent of the pre-existing fleet. The new buses will include free Wi-Fi hotspots and 35-55 USB charging ports located throughout each bus.

In May 2016, the MTA began putting the first 75 new-look buses, equipped with Wi-Fi service and USB charging ports, into service. The service began in Queens along the Q10 bus route between the JFK Depot and the Baisley Park Depot, and along the Q111, Q113, and Q114 bus routes; all 75 buses were in service on those routes by December 2017. In the interim, in March 2017, the first of 43 new-look Select Bus Service (SBS) buses arrived at the Casey Stengel Depot in Queens and went into service along the Q44 bus route.

In April 2017, the MTA began putting the first 79 new-look buses equipped with Wi-Fi and USB charging ports in service along the M14, M15, M101, M102, and M103 routes in Manhattan, and in Brooklyn, the first 86 new-look buses equipped with Wi-Fi and USB charging ports were put into service along the B4, B8, B9, B11, B16, B35, B37, B43, B61, B63, B67, B68, B69, and B70 routes.

## **Results**

### **Phase I: Queens Buses**

Audit #: SZ17-134AL

Comptroller's Audit Library #: 8593

Issued: June 28, 2018

Monetary Effect: None

The audit found that, overall, the telecommunication services provided by Verizon Wireless are generally operating as intended in the MTA's Queens buses. Auditors tested 144 MTA buses in Queens with Wi-Fi and/or USB capability, which consisted of all 76 (subsequently, one new-look bus was added) new-look buses and 68 Express buses. All 76 new-look buses and 63 of the 68 Express buses were equipped with both Wi-Fi and USB ports. Tests showed that the MTA Wi-Fi network operated effectively on 122 of the 139 buses that were equipped with Wi-Fi (88 percent). On those buses, auditors were able to connect to the wireless network and browse various news, entertainment, and social media websites. The audit also found that the MTA's Wi-Fi network appropriately restricted access to multi-media video streaming websites such as YouTube, Netflix, Hulu, and VuDu. However, the audit also found that the Wi-Fi network did not operate effectively on 11 of 76 of the new look buses and 6 of the 63 Express buses tested.

Auditors also tested the USB ports in all 76 new-look buses in Queens and sampled 68 of the 209 Queens Express buses for a total of 8,124 ports. The audit found that 8,018 of the 8,124 USB charging ports tested (99 percent) were working as intended; in those instances, auditors were able to connect and charge phones utilizing the tested buses' USB ports.

### **Phase I: Manhattan Buses**

Audit #: SZ18-116AL

Comptroller's Audit Library #: 8594

Issued: June 28, 2018

Monetary Effect: None

The audit found that, overall, the telecommunication services provided by Verizon Wireless are generally operating as intended in the MTA's Manhattan buses. Auditors tested 28 new-look buses with Wi-Fi and USB capability on 6 routes in Manhattan. Tests showed that the MTA's Wi-Fi network operated effectively on 26 out of the 28 tested buses (93 percent). On those 26 buses, auditors were able to connect to the wireless network and browse various websites such as news, entertainment, and social media. Auditors also found that the MTA's Wi-Fi network appropriately restricted access to multi-media video streaming websites such as YouTube, Netflix, Hulu, and VuDu. However, auditors also found that the Wi-Fi network did not operate effectively on 2 of the 28 new-look buses (7 percent).

Auditors also tested the USB ports on the same 28 new-look buses for a total of 1,540 ports. The audit found that 1,535 of the 1,540 USB charging ports tested (99.7 percent) were working as intended; in those instances, auditors were able to connect and charge phones utilizing the tested buses' USB ports.

**Phase I: Brooklyn Buses**

Audit #: SZ18-117AL

Comptroller's Audit Library #: 8595

Issued: June 28, 2018

Monetary Effect: None

The audit found that, overall, the telecommunication services provided by Verizon Wireless are generally operating as intended in the MTA's buses in Brooklyn. Auditors tested 82 buses in Brooklyn with Wi-Fi and/or USB capability, which consisted of 29 new-look buses and 53 Express buses. Tests showed that the MTA Wi-Fi network operated effectively on 81 out of the 82 buses that were equipped with Wi-Fi (99 percent). On those buses, auditors were able to connect to the wireless network and browse various websites such as news, entertainment, and social media. The audit also found that the MTA's Wi-Fi network appropriately restricted access to multi-media video streaming websites such as YouTube, Netflix, Hulu, and VuDu. However, the audit also found that the Wi-Fi network did not operate effectively on 1 of the 29 new-look buses.

Auditors also tested the USB ports on 29 new-look buses and sampled 53 of the 149 Brooklyn Express buses for a total of 4,089 ports. The audit found that 4,078 of the 4,089 USB charging ports on both the new-look and Express buses tested (99 percent) were working as intended; in those instances, auditors were able to connect and charge phones utilizing the tested buses' USB ports.

Each of the three audits recommended that the MTA and NYCT periodically perform tests to ensure that their wireless network and USB charging capabilities, once installed, are functioning properly.

In their written responses, the MTA and NYCT agreed with the reports' recommendation. In response to the recommendation that the MTA and NYCT periodically perform tests to ensure that their wireless network and USB charging capabilities, once installed, are functioning properly, the MTA and NYCT agreed and NYCT stated that, "[b]uses management agrees with the audit recommendation to periodically perform tests to ensure that their wireless network and USB charging capabilities, once installed, are functioning properly."

**Audit Follow-up**

The MTA reported that "a real-time monitoring system for WIFI hardware was implemented"; defects were identified and repairs scheduled within 48 hours. In addition, the USB performance on buses continues to be checked.

## METROPOLITAN TRANSPORTATION AUTHORITY

Letter Audit Reports on Wireless Voice and Data Services in New York City's Subway System as Provided by Transit Wireless

- Phases V and VI (SZ18-063A)
- Phase VII (SZ18-064A)

### Introduction

These audits were conducted to determine whether the wireless voice and data communication system installed by Transit Wireless (TW) within certain New York City subway stations (including platforms, mezzanines, and various points within public access passageways) operates effectively. These audits were the fifth and sixth in a series of audits of the ongoing installation of cellular and wireless services in the New York City subway system.

In 2007, following a request for proposals process, the Metropolitan Transportation Authority's (MTA) Board awarded a license agreement to TW that granted an exclusive license to provide commercial cellular/PCS and Wi-Fi service in 277 underground subway stations. Under the agreement, TW acts as a neutral host, constructing the distributed antenna system within the stations (excluding the tunnels between stations) and sub-licenses rights to use that system to cellular carriers, Wi-Fi providers, and other network users.

TW installs equipment and antennas at each underground station to provide cellular and Wi-Fi coverage throughout public areas. The in-station equipment and antennas are linked by fiber optic cables to TW trunk fiber optic cables, which run through the streets and connect back to a base station hotel (hub) that houses the head-end equipment for TW, the cellular carriers, Wi-Fi providers, and the New York City Transit (NYCT).

In addition, in August 2016, the MTA, NYCT, and TW partnered with Penguin Random House to begin Subway Reads, a service that allows subway riders access to five free full-length e-short stories and excerpts from a total of 175 full-length e-books from the publisher in categories such as fiction, non-fiction, sci-fi and fantasy, and young adults and children for periods of 10, 20, or 30 minutes each, as chosen by the rider. The subway rider also has the ability to purchase an e-book in its entirety through this service.

TW installed the wireless network in 47 underground subway stations in Manhattan as part of Phase I (Audit # SZ15-062AL), including major station complexes such as Times Square and Grand Central; 29 stations in Queens as part of Phase II (Audit # SZ16-086AL); 38 additional stations in Manhattan, including the Fulton Street Terminal Center, as part of Phase III (Audit # SZ17-095AL); 36 additional Manhattan and Bronx stations as part of Phase IV (Audit # SZ17-097AL); 35 additional Manhattan and Brooklyn stations as part of Phase V (Audit # SZ18-063A); 42 additional Manhattan and Brooklyn stations as part of Phase VI (Audit # SZ18-063A); and 50 stations located in lower Manhattan, Queens, and Brooklyn as part of Phase VII (Audit # SZ18-064A).

### Results

#### **Phases: V and VI**

Audit #: SZ18-063A

Comptroller's Audit Library #: 8535

Issued: October 27, 2017

Monetary Effect: None

The audit found that the wireless voice and data communications system currently installed by TW within the 35 Phase V and 42 Phase VI subway stations between March 29, 2017 and



September 10, 2017 (including platforms, mezzanines, and various points within public access passageways) was operating as intended. In addition, during the same time, auditors revisited the 47 stations previously tested in Phase I, the 29 stations previously tested in Phase II, the 38 stations previously tested in Phase III, and the 36 stations previously tested in Phase IV. Auditors found the wireless network still operational and were able to establish an immediate Wi-Fi connection. Further, auditors were able to download Subway Reads e-books from the Penguin Random House site at the appropriate stations. As of September 19, 2017, all 227 stations in Phases I through VI were operating as intended.

The audit recommended that the MTA, NYCT, and TW continue their current plan to provide voice and data service to the remaining 50 underground New York City subway stations.

In their responses, the MTA and NYCT agreed with the report. NYCT stated, "In response to the Office of the Comptroller's audit of Phases V and VI of the wireless voice and data service, we are in agreement with the findings. Further, we are pleased that the auditors have found the system to be as functional and as easy to use as intended. MTA New York City Transit welcomes this opportunity to extend this desirable service to its customers."

**Phases: VII**

Audit #: SZ18-064A

Comptroller's Audit Library #: 8555

Issued: January 17, 2018

Monetary Effect: None

The audit found that the wireless voice and data communication system currently installed by TW within the 50 Phase VII subway stations tested (including platforms, mezzanines, and various points within public access passageways) was operating as intended. In addition, between March 29, 2017 and September 19, 2017, auditors revisited the 227 stations previously tested in Phases I through VI (the 47 stations in Phase I, the 29 stations in Phase II, the 38 in Phase III, the 36 stations in Phase IV, the 35 stations in Phase V, and 42 stations in Phase VI). Auditors found the wireless network still operational and were able to establish an immediate Wi-Fi connection. Further, auditors were able to download Subway Reads e-books from the Penguin Random House site at the appropriate stations. As of September 19, 2017, all 277 underground subway stations (Phases I through VII) were operating as intended.

The audit had no recommendations stating that the MTA, NYCT, and TW continue to provide voice and data service to the 277 underground New York City subway stations.

In their responses, the MTA and NYCT agreed with the report. NYCT stated, "MTA New York City Transit accepts the conclusion of the attached draft audit by the New York City Office of the Comptroller on NYCT's Wireless Voice and Data Service. We are pleased that the City Comptroller has acknowledged the successful completion of this project. MTA New York City Transit will, as recommended, continue to provide voice and data service to these 277 underground stations."

## MULTI-AGENCY

### Letter Reports on Compliance with Local Law 25 Regarding Translation of Agency Website

- New York City Emergency Management (SZ18-128AL)
- Department of Buildings (SZ18-125AL)
- Department of Consumer Affairs (SZ18-132AL)

### Introduction

These audits were conducted to determine whether the New York City Emergency Management (NYCEM), Department of Buildings (DOB), and Department of Consumer Affairs (DCA) are complying with Local Law 25, which is intended to make City agencies, and ultimately the City as a whole, more accessible to foreign-born residents whose primary language is not English.

Most City agencies have a significant presence on the internet and rely on agency websites to both provide information to and interact with the public. Accordingly, in 2016, Mayor de Blasio signed Local Law 25, amending the City's Administrative Code in relation to residents' ability to translate City websites to their desired language. Local Law 25 requires that every website maintained by or on behalf of a City agency include a translation service enabling users to view the text of that website, wherever practicable, in languages other than English.

It also requires that the translation service be identifiable in a manner that is comprehensible to speakers of the seven most commonly spoken languages in the city. As determined by the Department of City Planning, the seven most commonly spoken languages in New York City amongst residents with limited English proficiency are: Spanish; Chinese (includes Cantonese, Mandarin, and Formosan); Russian; Bengali; French Créole (also called Haitian Créole); Korean; and Arabic.

### Results

#### **Agency: New York City Emergency Management (NYCEM)**

Audit #: SZ18-128AL

Comptroller's Library #: 8578

Issued: June 13, 2018

Monetary Effect: None

The audit found that NYCEM generally complies with Local Law 25. NYCEM's website, found at <http://www1.nyc.gov/site/em/index.page>, includes a translation feature for viewing text and essential information in various languages, including the above-noted top seven languages. NYCEM's website also provides important information regarding its functions and services, which includes but are not limited to information pertaining to NYCEM's various divisions, office locations, contact information, evacuation procedures, how to volunteer during a disaster, how to become a certified emergency responder, and emergency preparedness and awareness guides and news updates. All information can be translated and viewed in each of the top seven noted languages.

According to NYCEM's Language Access Plan August 2015 and Draft Language Access Plan 2018, NYCEM's most frequently requested documents can be translated and downloaded in 13 most-requested languages (Spanish, Chinese-Mandarin, Chinese-Cantonese, Russian, Bengali, Haitian Créole, Korean, Arabic, French, Italian, Polish, Urdu and Yiddish). The auditors reviewed and successfully translated the following documents into NYCEM's 13 most requested languages:

- Emergency Preparedness
- Ready New York Guide
- Preparedness Tips
- My Emergency Plan
- My Pet's Emergency Plan
- Kids Guide
- Choice Your Own Path to Preparedness
- Hurricanes and New York City
- Reduce Your Risk

NYCEM plans address the need for language assistance by supporting other City agencies during an emergency. During an emergency NYCEM works to make sure that the City agencies involved in the emergency response provide a unified, accurate and timely message to the public. This is done throughout the City via different media outlets (e.g., television, radio and marketing campaigns to name a few). In addition, NYCEM provides information to various City agencies through the agencies' service centers, community centers, Ad Council, and distributed emergency preparedness material guides.

In its written response, NYCEM agreed with the findings and recommendation to continue to maintain compliance with Local Law 25. They also requested that the name of agency be changed to New York City Emergency Management.

**Agency: Department of Buildings (DOB)**

Audit #: SZ18-125AL

Comptroller's Library #: 8585

Issued: June 19, 2018

Monetary Effect: None

The audit found that DOB generally complies with Local Law 25. DOB's website, found at <http://www1.nyc.gov/site/buildings/index.page>, includes a translation feature for viewing text and essential information in various languages, including the above-noted top seven languages. DOB's website also provides important information regarding its functions and services, which includes but is not limited to information pertaining to DOB's various divisions, office locations, contact information, benefits, forms, brochures, paying or disputing fines, tenants' rights, worker-safety, OSHA requirements, buildings information, codes, updates, guides, and searching property records. All information can be translated and viewed in each of the top seven noted languages.

DOB's most frequently requested documents can be translated and downloaded in the seven most-requested languages according to DOB's Language Access Plan August 2015 and Draft Language Access Plan 2018 (Spanish, Chinese, Russian, Bengali, Haitian Créole, Korean and Arabic). The auditors reviewed and successfully translated the following documents into DOB's seven most requested languages:

- Tenant Resources
- Building Codes
- OSHA Requirements
- Experience is Not Enough (Campaign Brochures for Construction Workers)
- Extension Cord Safety
- Good Housekeeping
- Construction Safety
- Harness Safety Brochures
- Safety Brochures

DOB provides translation and interpretation services in all of its locations that interact with the general public, including its five Borough Business Centers located in Manhattan, the Bronx, Brooklyn, Queens, and Staten Island.

In its response, DOB agreed with the report's recommendation that the agency continue to maintain its compliance with Local Law 25 to ensure it effectively meets the needs of residents with limited English proficiency when accessing City services online. DOB stated that it "will continue to maintain its compliance, and provide language access in accordance with the Local Law."

**Agency: Department of Consumer Affairs (DCA)**

Audit #: SZ18-132AL

Comptroller's Library #: 8584

Issued: June 20, 2018

Monetary Effect: None

The audit found that DCA generally complies with Local Law 25. DCA's website, found at <http://www1.nyc.gov/site/dca/index.page>, includes a translation feature for viewing text and essential information in various languages, including the top seven noted languages. DCA's website also provides important information regarding its functions and services. This includes but is not limited to information pertaining to DCA's various divisions, office locations, contact information, free financial counseling services, consumer protections, tax preparation services, sidewalk café locations and information about how senior citizens and disabled residents can freeze rent. All this information and more can be translated and viewed in each of the top seven noted languages.

In addition, DCA provides numerous documents and guides on its website, such as consumers' complaint forms, workplace complaints forms, DCA license forms and guides to recognize consumer scams. According to DCA's Language Access Plan March 2009 and Draft Language Access Plan 2018, DCA's most frequently requested documents can be translated and downloaded into various languages including the seven most-requested languages (Spanish, Chinese, Russian, Bengali, Haitian Créole, Korean and Arabic). The auditors reviewed and successfully translated the following essential documents and guides into DCA's seven most requested languages:

- Ready to Rent - Free Financial Counseling
- Freeze Your Rent
- Consumer Protection Tips for Immigrants
- How Can the Office of Labor Policy & Standards Help You Today?
- Workers Bill of Rights
- Basic License Application (list of DCA License industries)
- 10 Things Every Consumer Should Know
- Protecting NYC's Freelance Workers
- Home Improvement Contractors and Salespersons
- Commuter Benefits Participation Forms
- Consumer Protection Tips for Older Adults
- Tips on Scams

DCA provides translation and interpretation services at its main location in Manhattan at 42 Broadway, where DCA staff interacts with the general public. DCA also provides services at the Testing Station in Brooklyn and the NYC Small Business Support Center in Queens, where translation and interpretation services are also available.

In its response, DCA agreed with the report's recommendation that the agency continue to maintain its compliance with Local Law 25 to ensure it effectively meets the needs of residents with limited English proficiency when accessing City services online. DOB stated, "We appreciate your office acknowledging our efforts regarding language access on the DCA website. DCA will continue to comply with Local Law 25 in order to effectively meet the needs of New Yorkers with limited English proficiency when access City services online."

## MULTI-AGENCY

Audit Reports on Compliance with Local Law 57 for the Baseball Games and Practices Played at Ballfields in City Parks and at City-Leased Baseball Fields

- Department of Parks and Recreation (SZ17-132A)
- Department of Citywide Administrative Services (SZ17-113A)

### Introduction

These audits were conducted to determine whether the Department of Parks and Recreation (Parks) and the Department of Citywide Administrative Services (DCAS) are in compliance with Local Law 57 related to their responsibilities for the distribution of automated external defibrillator (AED) units to youth leagues playing at the baseball fields in City Parks and City-funded AED training courses, free of charge, to the designated youth league representatives.

*Commotio cordis*, a potentially lethal disruption of heart rhythm that occurs as a result of a blow to the area directly over the heart, is the second-highest cause of death in athletes younger than 14, according to the American Academy of Pediatrics. It typically involves young, predominantly male, athletes who experience sudden blunt trauma to the chest and often results in cardiac arrest and/or sudden death. Baseball is the most common sport in which this condition occurs, and nearly all incidents are caused by direct baseball strikes to the left chest wall. The American Academy of Pediatrics indicates that children 5 to 14 years old are vulnerable to this type of blunt chest impact because their chest walls are relatively elastic and easily compressed. Early treatment CPR and the increased availability and use of AEDs result in a decrease of fatalities.

In 2016, the City enacted Local Law 57 in an effort to make AEDs and adults trained to operate them available at all youth league baseball games and practices on City-owned baseball fields, to the extent allowed by the appropriation of sufficient City funds. To ensure that free training would be distributed equitably “until such funds are exhausted,” Parks established guidelines that allow “up to two” representatives from each youth league team to receive that training underwritten by Parks.

### Results

#### **Agency: Department of Parks and Recreation**

Audit #: SZ17-132A

Comptroller’s Audit Library #: 8566

Issued: April 18, 2018

Monetary Effect: None

The audit found that Parks generally complied with Local Law 57 in discharging its responsibilities for the distribution of AED units and the provision of training courses to the youth leagues that play and practice baseball on the City ballfields under Parks’ jurisdiction. However, the audit found that Parks did not obtain sufficient information from the participants in the AED training courses to determine whether the youth leagues followed Parks’ instruction to designate up to two representatives from each team for that training.

The audit recommended that Parks: (1) include a column on its roster for attendees at AED training courses to require identification of the specific team affiliation of each youth league representative attending the free training; and (2) use the new team-affiliation information to ensure that the youth leagues allocate City-funded AED training slots to a sufficient number of teams to enable the leagues, where practicable, to have at least one AED-qualified adult present at each baseball game and practice held on a Parks-managed ballfield, as required by Local Law 57.

**Agency: Department of Citywide Administrative Services**

Audit #: SZ17-133A

Comptroller's Library #: 8592

Issued: June 28, 2018

Monetary Effect: None

The audit found that DCAS generally complied with Local Law 57 in discharging its responsibilities for the distribution of AED units and providing training courses to the youth baseball leagues that play and practice on the baseball fields leased from DCAS at 11 sites. However, the review indicated that the youth baseball league that uses the one remaining DCAS-managed ballfield currently in use did not receive an AED device from DCAS.

The audit recommended that DCAS determine whether that league is utilizing one or more baseball fields leased from DCAS, and if DCAS determines that the league is, in fact, utilizing a DCAS-leased ballfield, DCAS should determine whether the league already has AEDs or whether City-owned AEDs should be supplied to it, and whether the league requires AED training to meet the league's and DCAS' obligations under Local Law 57.

In its response, DCAS stated, "South Shore Little League (SSLL) is using the baseball fields pursuant to a license agreement with the Department of Youth and Community Development (DYCD) and not under a DCAS lease." DCAS further stated that it "is not obligated under Local Law 57 to provide AED training and AEDs to SSLL. However, training and AEDs will be provided to SSLL and SSLL has been contacted in this regard."

After failing to respond for many months to our multiple requests for information regarding the applicability of Local Law 57 to the site used by the SSLL, DCAS first revealed critical new information—that another City agency not named in the statute licenses the site to the league—only after the audit was completed. Moreover, DCAS now claims that, based on that new information, it has no obligation to take the steps required by Local Law 57 for the protection of the children who play baseball there, although, fortunately, it also reports, that those steps will be taken—apparently tardily, in that it also states that the league "is using" the field, i.e., currently.

DCAS was given ample opportunity throughout the 17-month period in which the audit was conducted to inform us of the relevant facts and provide supporting documentation, starting with the DYCD license agreement that DCAS now references but has not forwarded to us. The site in question is listed in a City database as being under DCAS' jurisdiction, and it appeared on a list of DCAS-leased ballfields that DCAS itself provided to us in January 2017. It was then omitted—without explanation—from an updated list that DCAS provided about six months later. Since then, despite our repeated inquiries during the intervening 11 months, DCAS provided no further information regarding the applicability of Local Law 57 to the site.

**Audit Follow-up**

Parks implemented both recommendations and reported that has reached out to the vendor who provides AED training to modify the roster.

DCAS implemented all three of the recommendations, though it stated that DYCD, not DCAS was responsible for SSL site. DCAS reported that although SSLL is not using a baseball field under a DCAS lease, DCAS provided AED training on the use of AEDs to representatives from SSLL and has distributed AEDs to SSLL.

## DEPARTMENT OF PARKS AND RECREATION

Audit Report on the Department of Parks and Recreation's Oversight of Construction Management Consultants

Audit #: SE16-062A

Comptroller's Audit Library #: 8581

Issued: June 15, 2018

Monetary Effect: Potential Savings: \$4,894,050

### Introduction

This audit was conducted to determine whether the New York City Department of Parks and Recreation (Parks) adequately oversees construction management (CM) consultants to ensure that capital project work is performed as planned and in a timely manner.

Parks oversees nearly 30,000 acres of land—some 14 percent of New York City—including more than 5,000 individual parks, public spaces, and recreational amenities. Parks cares for 600,000 trees along streets and parkways, and 2 million additional trees in parks throughout the five boroughs.

Parks' Capital Projects Division (Capital Division), constructs and restores the City's infrastructure by developing and improving parks, playgrounds, pools and recreational facilities, and its own operational facilities. At the same time, Parks' Forestry, Horticultural and Natural Resources Division (Forestry Division or FHNR Division), focuses on improving the environment and enhancing public health by planting new trees, constructing bioswales, removing invasive plant species, and planting shrubs through its Street-Tree, Green Infrastructure and Reforestation programs. Both the Capital and Forestry Divisions contract with private construction management firms (CMs) to oversee the work of construction and landscaping contractors hired by Parks to build and execute the capital construction projects. In-house staff of the Capital and Forestry Divisions are responsible for overseeing the CMs working on projects in their respective divisions.

Parks classifies its CM-managed capital projects (whether handled by the Capital or Forestry Divisions) by their estimated costs: (1) projects estimated to cost up to and including \$3 million; and (2) projects estimated to cost more than \$3 million. From 2010 through 2016, Parks entered into 12 contracts totaling \$96 million in contract capacity, with 8 CMs; 6 contracts for estimated project costs of \$3 million or less, and 6 for estimated project costs of over \$3 million. Each of these 12 Parks-CM contracts had a three-year term with an option for Parks to extend the agreements for 2 additional one-year terms. CMs are compensated based on an hourly rate, which includes overhead and profit. If additional time is needed to complete the project (including due to increased scope) and so additional funds beyond the amount estimated are needed, Parks authorizes payment through supplemental work orders.

Both of Parks' divisions maintain all construction project-related information, documentation, and records of associated payments to CMs in hard copy files. In addition, both divisions use a computerized construction project management system, known as "Unifier," to track project information for monitoring, cost-control, and accounting purposes.

This audit focused on 69 Capital and Forestry Division capital projects supervised by CMs during Fiscal Years 2014 and 2015. Those projects had total construction costs of \$317 million (exclusive of costs for design and for special inspections) and an additional \$18 million for associated project management services performed by CMs, not counting costs for Parks' in-house oversight staff.



## **Results**

The audit found that Parks needs to improve its oversight of contracted CMs to ensure that their projects are completed appropriately and on time. Thirty-nine percent of Parks' CM-managed projects during our audit scope period were not completed within scheduled timeframes. The affected projects, located throughout the five boroughs, included construction of a carousel, a bikeway, a golf course, and a pool bathhouse, as well as tree-planting projects. The delays ranged from nine days to three years and resulted in Parks' incurring \$4.9 million more in fees charged by its contracted CMs than the amounts originally budgeted—a cost overrun of 35 percent on the CM component of the projects alone. The audit found that: Parks lacked policies and procedures in the Capital Division; had inadequate oversight of CMs; and failed to make optimal use of services available under CM agreements. Parks had missing and incomplete construction records, flawed designs, delays in obtaining required permits, and instances in which coordination with other agencies and utilities was neglected or ineffective. Finally, the audit determined that Parks lacked adequate metrics for tracking the progress of its CM-managed projects that could assist the Department to reduce delays and cost overruns and that the data in Parks' Unifier system is incomplete and inaccurate, as are the hard copy records Parks maintains.

The report makes a total of 25 recommendations, including that Parks should: prepare written policies and procedures; issue a CM construction supervision manual that specifies, in writing, the duties, responsibilities, and performance standards that apply; and develop written standard operating procedures (SOPs) with checklists to ensure that construction management issues are timely identified and that all necessary approvals, permits, surveys, design documents, and coordination with regulatory agencies and other entities, are in place prior to start of construction. The audit also recommended that CM's should identify and timely address key logistical, scheduling, and budgeting issues; use CM contracts to anticipate, identify, and address project challenges; require CMs to ensure that contractors complete close-outs within prescribed timeframes; and review CM services agreements for potential conflicts.

Parks should also develop a standard record-keeping system for its capital projects; ensure that the CMs prepare, maintain and provide to Parks all project documents that their contracts require; conduct all required performance evaluations. In addition, Parks should require CMs to include a summary breakdown of total payment requests by individual projects; and ensure that each project file contains a copy of the relevant payment summary breakdown. Furthermore, to better evaluate the effectiveness of CMs, Parks should enforce control procedures to ensure that complete and accurate data is timely entered and that required project documents are timely uploaded into the Unifier system; use Unifier to assess performance of CMs and manage the CM-managed construction projects; develop performance metrics for CM-managed projects; and conduct post-completion evaluations of major projects; as well as to ensure that periodic inspections are conducted during the two-year guarantee period to ensure that contractors are performing routine watering and maintenance, as required by their contracts.

While Parks did not directly state whether it agreed or disagreed with any of the audit's recommendations, it appears that Parks agreed to implement two of the recommendations; effectively agreed in whole or in part with an additional fourteen recommendations by virtue of claiming to have recently adopted them or that the recommended measures had long been the agency's practice; disagreed with five of the recommendations; and failed to provide any response to four recommendations.

## **Audit Follow-up**

Parks reported that three recommendations are not being implemented, including: preparing written policies and procedures; use CM's to identify and timely address key logistical, scheduling, and budgeting issues; and develop performance metrics for CM-managed projects. Parks indicated that the remainder of the recommendations are either in process or ongoing.

## DEPARTMENT OF PARKS AND RECREATION

Audit Report on the New York City Department of Parks and Recreation's Access Controls over Its Computer Systems

Audit #: SI18-087A

Comptroller's Audit Library #: 8588

Issued: June 25, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City (City) Department of Parks and Recreation (Parks) had adequate system security and access controls in place to protect information in its computerized environment. Parks is responsible for the maintenance of a 30,000-acre municipal park system, which includes most of the City's parks and playgrounds. It also manages forests and trees (both in the parks and on the street), and provides recreational and educational opportunities for New Yorkers of all ages.

To accomplish its varying tasks and conduct its operations, Parks maintains a computer network used by its employees and consultants to access agency emails and files. Parks also maintains several mission-critical computer applications that are accessible to its network users. Many of those mission-critical applications contain sensitive and private information, which includes names, birthdates, addresses, and other information that is intended for agency use only. Parks is responsible for ensuring that it has policies and procedures in place to protect the information in the agency's computerized environment.

### Results

The audit found that Parks has established policies, procedures, and guidelines for access control, data protection and security controls to protect information in the agency's computerized environment. However, the audit found access-control weaknesses, including a failure to disable the accounts of former City employees and inactive users, which could increase security risks. In addition, Parks did not always implement and enforce applicable City password-expiration and complexity rules for its mission-critical applications. Those rules are intended to allow only authorized users to gain access to City systems.

Further, the audit found security weaknesses in Parks' computer environment. Specifically, Parks did not perform the required intrusion-detection and vulnerability scans to identify security weaknesses and threats to the servers located in its data center. In addition, Parks did not have a formal disaster recovery plan for mission-critical applications hosted there. Finally, it was noted that one application Parks uses to manage recreation center memberships and reservations is outdated and no longer supported by the manufacturer. Officials stated that Parks is in the process of replacing the application and estimated that the process would take an additional 18 months.

To address the issues raised, the audit made 13 recommendations to Parks, including the following:

- Ensure that all user accounts assigned to former employees and employees on long-term leave are promptly disabled.
- Reassess all current users to ensure that they are given access to only those applications necessary to perform their job duties.

- Review and modify current system controls and procedures as needed to ensure that any relevant change in a user's employment status results in prompt deactivation of the user's accounts and periodically conduct reviews to identify and deactivate inactive and unnecessary user accounts.
- Ensure that the passwords that provide users with access to its applications meet the complexity standards prescribed by the City Department of Information Technology and Telecommunications (DoITT).
- Ensure that the system that replaces the old application complies with DoITT's citywide IT security policies, including DoITT's *Password Policy*, to prevent unauthorized access.
- Actively monitor its operating systems and applications to detect and prevent intrusions, periodically perform vulnerability scans, and ensure that any vulnerabilities discovered are reviewed and remediated to reduce the risks of potential threats.
- Develop a formal disaster recovery plan for Parks applications that are hosted in the Parks data center and conduct tests to ensure its operational ability in the event of a disaster, emergency or system failure.
- Promptly resolve the synchronization issue in one application to ensure that all data is accurate, complete, and consistent.

In its response, Parks generally agreed with the audit's 13 recommendations.

#### **Audit Follow-up**

Parks reported that six of the audit recommendations are either implemented or are in the process of being implemented. However, Parks did not provide an audit implementation plan for its access control weaknesses, insufficient intrusion detection, and lack of a disaster recovery plan.

## DEPARTMENT OF PARKS AND RECREATION

Letter Report on the New York City Department of Parks and Recreation's Maintenance and Inspection of Its Playgrounds Located on New York City Housing Authority Property

Audit #: SR18-099AL

Comptroller's Audit Library #: 8564

Issued: April 4, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Department of Parks and Recreation (Parks) is inspecting and maintaining its playgrounds in New York City Housing Authority (NYCHA) developments in a satisfactory condition.

Parks is the steward of nearly 30,000 acres of land, including more than 5,000 individual properties ranging from Coney Island Beach and Central Park to community gardens and Greenstreets. Parks is New York City's principal provider of recreational and athletic facilities and programs, operating athletic fields, playgrounds, basketball courts, tennis courts, public pools, recreational facilities, nature centers, golf courses, and beaches. Inspection teams assigned to the Parks Inspection Program (PIP), administered by the agency's Operations and Management Planning division, use hand-held computers and digital cameras to perform nearly 5,000 PIP inspections each year, rating each inspected park as "acceptable" (A) or "unacceptable" (U) for overall condition and cleanliness.

Parks has a limited but important role with respect to the maintenance and inspection of playgrounds located in NYCHA developments: of the 822 playgrounds within and adjacent to NYCHA's residential developments across the five boroughs, Parks currently leases and manages 34 such playgrounds and parks located on NYCHA property. This report concerns Parks' maintenance and inspection of those 34 sites.

### Results

The audit found that, overall, Parks satisfactorily maintains the playgrounds within and adjacent to NYCHA developments as required by the PIP. However, the audit found one playground (Vladeck Park playground) that was not maintained in a satisfactory manner and had no inspection reports available. The audit found inspection reports for 33 of the 34 playgrounds indicating that each playground was inspected at least twice per year. The audit also found that Parks provides the results of its inspections to the general public on its website, listing the condition of each playground as acceptable, unacceptable, or not rated, in three categories: cleanliness; landscape; and structural.

Based on these findings, the audit made the following recommendations:

- Parks should continue to (a) inspect and maintain the playgrounds as required by the PIP; and (b) maintain bi-annual inspection reports for each playground site.
- Parks should enroll the playground in Vladeck Park in its inspection program and maintain biannual inspection reports for it.
- Parks should repair and refurbish the playground structures in Vladeck Park in accordance with its regular standards for playgrounds.

In its response, Parks stated that "[w]e are pleased that your Report concluded that, overall, Parks satisfactorily maintains the playgrounds within and adjacent to NYCHA developments as required

by the PIP. We are also pleased that your inspections and your review of our inspection reports found that the playground structures, equipment, and grounds at 33 of the 34 playgrounds on NYCHA grounds that are Parks properties were maintained in a satisfactory condition. With regard to Vladeck Park, while the site is a Parks property, the issue of its maintenance jurisdiction was not entirely clear. Parks is reaching out to NYCHA to coordinate maintenance inspections moving forward.”

### **Audit Follow-up**

Parks reported that all of the audit recommendations have been implemented. Parks has added Vladeck Park to its maintenance program and will complete bi-annual inspections of the Park.

## DEPARTMENT OF PARKS AND RECREATION

Letter Audit Report on Wireless Internet Access in New York City Parks as provided by AT&T, Spectrum and Altice USA

Audit #: SZ17-138AL

Comptroller's Library #: 8580

Issued: June 14, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Wireless Internet (Wi-Fi) services provided by AT&T, Altice USA, and Spectrum in New York City parks are operating effectively.

The New York City Department of Parks and Recreation (Parks) maintains more than 30,000 acres of land across the five boroughs. This includes more than 1,700 parks, nearly 1,000 playgrounds, 51 recreational facilities, 15 nature centers, and 14 miles of beaches. The Department of Information Technology and Telecommunications (DoITT) provides services designed to maintain the continuous, efficient and effective distribution of information technology (IT), infrastructure, and telecommunications in the City. DoITT is responsible for maintaining the City's core IT infrastructure and systems that affect delivery of service to the City's residents, businesses, employees and visitors.

In June 2011, former Mayor Michael Bloomberg and AT&T's CEO Randall Stephen announced a five-year initiative to launch free Wi-Fi service in 26 locations located in 20 City parks across the five boroughs, including Bronx River Park, Prospect Park, Battery Park, Central Park, Flushing Meadows Corona Park, and Clove Lake Park. In addition, in September 2011, the City renewed its franchise agreements with Time Warner Cable (currently known as Spectrum) and Cablevision (currently known as Altice USA) to include the requirement that these providers maintain the City's Wi-Fi system through 2020 in parks across the five boroughs.

Additionally, in July 2013, representatives of Parks, DoITT, Altice USA, and Spectrum announced the public launch of Wi-Fi in 32 City parks across the five boroughs, including Bronx Park, Marine Park, Brownsville Recreation Center, Cadman Plaza Park, Jackie Robinson Park, Cunningham Park, and Tappen Park. They also announced that additional park locations across the City would be launched on a rolling basis as a part of the program. Spectrum provides Wi-Fi services in City parks in Brooklyn, Queens, Manhattan, and Staten Island. Altice provides Wi-Fi services in City parks in Brooklyn and the Bronx.

### Results

The audit found that there are 113 parks across the five boroughs with Wi-Fi hotspots provided by AT&T, Altice USA, or Spectrum, and that overall, the Wi-Fi services provided by these providers generally operated as intended. The Wi-Fi network operated effectively in 95 out of 113 (84 percent) City parks. The auditors were able to connect to the wireless network and browse various websites such as news, entertainment, and social media. Furthermore, the networks allowed access to websites that allow users to stream music or videos such as Netflix, YouTube, Hulu, Pandora, and TuneIn.

However, the audit found that the Wi-Fi network did not operate effectively in 18 out of 113 (16 percent) City parks.

The audit recommended that AT &T, Alice USA and Spectrum periodically perform testing to ensure that their respective wireless networks are consistently operating effectively.

In its written response, Parks agreed with the report's findings and stated, "we are pleased with your finding that, overall, the Wi-Fi services generally operated as intended" and addressed the recommendation by stating, "Parks has spoken about this matter with DoITT and we are prepared to assist where possible in order to ensure that the wireless networks in our parks are operating as effectively as possible".

### **Audit Follow-up**

Parks reported that it "has spoken about this matter with DoITT and is prepared to assist, where possible, to ensure that the wireless networks in parks are operating as effectively as possible."

## OFFICE OF PAYROLL ADMINISTRATION

Letter Report on the Office of Payroll Administration's Controls Over its Computer and Other Computer-Related Equipment

Audit #: SR17-113AL

Comptroller's Audit Library #: 8532

Issued: September 19, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Office of Payroll Administration (OPA) is complying with certain inventory procedures as set forth in the Department of Investigation's (DOI) *Standards for Inventory Control and Management* and is maintaining effective internal controls over office equipment as required by New York City Comptroller's Directive #1.

OPA processes payroll and employee benefit services for more than 300,000 workers at over 80 New York City government agencies. The office is responsible for the continued development and enhancement of the Payroll Management System and related sub-systems, distributing employee pay, maintaining payroll bank accounts, coordinating payroll-related matters between different City agencies as well as external organizations (including health insurance companies and the Internal Revenue Service), developing and disseminating uniform payroll procedures, and maintaining the integrity and accuracy of the City's payroll.

For Fiscal Year 2016, OPA's Other Than Personal Services (OTPS) budget was approximately \$1.8 million, of which \$330,000 was allocated to the purchase of data processing equipment. For Fiscal Year 2017, the office's OTPS budget was approximately \$1.8 million, of which \$261,000 was allocated to the purchase of data processing equipment.

### Results

The audit found that OPA has segregated the duties for purchasing, receiving, and maintaining the inventory of computer and computer-related equipment among different staff members in accordance with Comptroller's Directive #1. The audit also found that OPA maintained complete and accurate inventory records for 365 computers and computer-related equipment (including 219 items purchased from July 1, 2015 through April 17, 2017, at a cost of \$108,821) as required by DOI's *Standards for Inventory Control and Management*. The 365 computers and computer-related equipment items were listed on the inventory list with the correct descriptions, serial numbers, model numbers, tag numbers, locations, and were appropriately tagged with an asset tag numbers and as property of OPA. However, the audit found that OPA did not include 72 monitors on its inventory list with an estimated replacement value of \$5,038.

Based on these findings, the audit made the following recommendation:

- OPA should ensure that the 72 monitors that were not included on OPA's inventory list are added to it in accordance with the DOI Standards and Comptroller's Directive #1.

In its response, OPA stated that "(w)e considered ourselves in compliance with Citywide guidelines based on the following:

- As a technology agency, we look to the Citywide Policies and Guidelines published by DoITT as guidance. DoITT's Citywide Policy for Asset Management states that tagging is not required for IT assets under \$200 (section 6.3).



- Comptroller's Directive 1 Section 3.3 states it is important for management to ensure that the design and implementation of agency internal controls is based on justifiable cost and benefit relationships.
- Section 26 of the DOI standard states that 'Application of the requirements of the Standards depends upon available staff and physical resources and the nature, number and value of goods' as well as 'establishing property identification for items of significant value.'

Financial Information Services Agency (FISA) - OPA would welcome a clarification of what is considered valuable. There is a need to have a scope established so we can appropriately focus our resources and have a more accurate picture of what items the Comptroller's Office deems necessary to track and include in our asset management system."

### **Audit Follow-up**

OPA reported that all of the monitors have been added to its asset management system.

## QUEENS COUNTY PUBLIC ADMINISTRATOR

Letter Report on the Queens County Public Administrator's Selection and Compensation of Outside Vendors

Audit #: FP17-137AL

Comptroller's Audit Library #: 8545

Issued: December 20, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Queens County Public Administrator (QCPA) is in compliance with rules and regulations for the selection and compensation of outside vendors. The audit covered funds and expenditures during the audit scope period of 2016.

New York City's five Public Administrators' (PAs') offices are municipal agencies, each headed by a Public Administrator appointed by the New York State Surrogate's Court in their respective counties to administer the estates of county residents who die intestate—without wills—and without known heirs eligible and qualified to administer their estates. In connection with those responsibilities, the QCPA makes funeral arrangements, collects debts, pays creditors, manages decedents' assets, searches for possible heirs, and files tax returns on behalf of the decedents.

The PAs' operations are governed by Article 11 of the New York State Surrogate's Court Procedure Act (SCPA) and by the guidelines established by the Administrative Board for the Offices of the Public Administrators (Guidelines). Subject to the procedures and limitations set forth in the Guidelines, the QCPA may employ outside vendors such as accountants, real estate brokers, appraisers, investigators, and others to assist the PA in the administration of the estates. Specifically, for example, Section V (A)(3) of the Guidelines states, in part, "The PA may not employ as an outside vendor any employee of the PA's office, or any individual related by blood or marriage to the PA . . . The PA shall establish and maintain written procedures to ensure compliance with this section."

Among other things, the Guidelines require the PA to advertise for outside vendors and to prepare and update at least annually "a list of the providers in each category, specifying for each the provider's usual fee." The Guidelines further provide that the list "shall be available for public inspection." In addition, when selecting an outside vendor, "the PA shall select one who is competitive with other vendors in the classification," and "[c]ompensation paid to outside vendors by the PA shall be supported by a written agreement or invoice that sets forth a description of the work done or services performed, and shall be fair and reasonable considering the circumstances of each individual county."

In Calendar Year 2016, the QCPA was responsible for 1,036 open estates with assets valued at more than \$99 million. The audit estimated that for 2016 the QCPA spent \$3.68 million on 789 outside vendors to provide services to the estates.

### Results

The audit found that the QCPA generally, with limited exceptions, adhered to the Guidelines in the selection and compensation of outside vendors. Specifically, the audit did not identify any vendors related to the QCPA or to the employees of the QCPA's Office. The audit also found that the QCPA's Office advertised its solicitations for the services of outside vendors on its website and that payments made to outside vendors were properly supported by invoices.

However, the audit found several weaknesses that the QCPA's Office needs to address to strengthen its procedures for the selection and compensation of outside vendors. For example, the audit found that although the QCPA's Office maintains a list of its outside vendors, and separately maintains information concerning the vendors' prices, it does not include the vendors' usual fees on its list as the Guidelines require, but states that the fees are available on request.

The audit also found that QCPA did not take sufficient steps to ensure that the compensation paid to vendors was always competitive, fair, and reasonable. Further, the audit found that QCPA did not always document its verification of vendors' licenses. Finally, the audit found that the QCPA had selected and compensated one vendor in our audit sample that was not included on the QCPA's list of outside vendors.

To address these issues, the report made four recommendations to the QCPA:

- Include vendors' fees on the outside vendor list.
- Perform and document pricing comparisons among different vendors for each classification of services needed by the QCPA to ensure that the fees paid to the selected outside vendors are competitive, fair, and reasonable.
- Ensure that outside vendors have current licenses for services that require them and keep documentation of the verifications on file.
- Ensure all vendors selected by the QCPA are included on the outside vendor list.

The QCPA agreed with all four recommendations but disagreed with the finding that it did not ensure that outside vendors have current licenses for services that require them and keep documentation of the verifications on file. In its response, the QCPA stated that "Section V (A) (5) of the Guidelines states that, 'The PA shall include on the list only those outside vendors that hold all necessary licenses for their field...' ...While this section directs that the PA include on the list vendors that 'hold necessary licenses for their field,' it does not require that the PA maintain such documentary evidence on file." However, the QCPA further stated that, "Appreciating your need to verify compliance with the Guidelines this office is willing to scan and maintain a copy of licenses for all vendors that are required to be licensed to do business in and for the City of New York in addition to what the Guidelines require."

### **Audit Follow-up**

The QCPA reported that it has fully complied with all four audit recommendations.

## RICHMOND COUNTY PUBLIC ADMINISTRATOR

Audit Report of the Richmond County Public Administrator's Inventory Practices

Audit #: FP17-142A

Comptroller's Audit Library #: 8551

Issued: December 29, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine the effectiveness of the Richmond County Public Administrator's (RCPA's) internal controls over its office inventory and its compliance with applicable Comptroller's Directives and the Department of Investigation's (DOI's) *Standards for Inventory Control and Management* (the DOI Standards) to ensure accurate record keeping and proper safeguarding of its office inventory during an audit scope period of Fiscal Years 2016 and 2017. This audit did not evaluate the RCPA's internal controls over its estates' inventory.

The offices of New York City's (the City's) five Public Administrators (PAs) are municipal agencies headed by PAs appointed by the New York State Surrogate's Court and are responsible for administering the estates of decedents who died intestate, with no heirs willing or able to administer the estates. The RCPA carries out those responsibilities in Richmond County (which encompasses Staten Island). The PAs' official activities are principally governed by Article 11 of the New York State Surrogate's Court Procedures Act (SCPA) and the Guidelines of the Administrative Board for the Offices of the Public Administrators established thereunder (SCPA Guidelines).

The RCPA's operations are funded by the City and by fees the RCPA collects from the estates it administers. Under the SCPA Guidelines, a PA's office is authorized to charge the estates an administrative fee of up to one percent of the gross value of the estate, which it may deposit into a suspense account to pay for office expenses not funded by the PA's budget, including the purchase of office equipment and supplies. The PA must maintain records of all suspense account expenditures. As a City-funded agency, the RCPA is also subject to rules, policies, and procedures established by the City Comptroller and DOI that are intended to promote internal control and accountability in City agencies.

### Results

The audit found that the RCPA did not maintain adequate internal controls to ensure accurate record keeping and proper safeguarding of its office inventory as required by both Comptroller's Directive #1 and the DOI Standards. Specifically, the audit found that the RCPA did not have written policies and procedures to manage its inventory, did not maintain accurate and complete inventory records, and did not track all office inventory items.

In addition, the audit found that the RCPA did not tag its inventory items with sequentially numbered property identification tags and did not conduct periodic physical inventory counts. Furthermore, the RCPA did not ensure proper segregation of duties over inventory; our review of the RCPA's inventory operations found that one employee was responsible for placing orders for goods, receiving purchased items, processing payments using City funds, and maintaining inventory records. The audit also found that the RCPA charged some purchases to incorrect object codes within the proper unit of appropriation.

Finally, the audit found that the RCPA omitted required "approver checks"—a form of internal control over expenditures of City funds—through its staff's impermissible sharing of approver login credentials while processing payments in the City's Financial Management System. The audit also found that

the RCPA had not promptly relinquished aged and damaged items (surplus inventory) in accordance with the applicable guidelines established by the Department of Citywide Administrative Services.

To address these issues, the report made a total of nine recommendations, including that the RCPA should:

- Create and communicate to all agency staff written policies and procedures for the management and control of its office inventory, including items acquired through both purchases and donations.
- Update and maintain accurate and complete records of all equipment in accordance with the DOI Standards.
- Sequentially tag and inventory all valuable office equipment using appropriate identification tags as required by Comptroller's Directive #1 and the DOI Standards.
- Conduct periodic physical inventory counts of office items at least once a year, document the results, ensure that any discrepancies are promptly reported to the Public Administrator and investigated, and that appropriate corrective action is taken, and update the Inventory Master List, as warranted.
- Ensure that all key responsibilities related to office inventory such as ordering, receiving, processing, approving payments, and maintaining inventory records are adequately segregated or properly implement compensating controls.

The RCPA agreed with six of the nine recommendations and represented that it had already implemented or begun to implement several of them. At the same time, the RCPA disagreed with two recommendations and did not respond to the remaining recommendation that it ensure that its actual inventory practices are accurately reflected in future internal control self-assessments that it submits to this office pursuant to Comptroller's Directive #1, *Principles of Internal Control*.

The RCPA also objected to the presentation of findings in the draft report stating, "while the audit process itself was helpful to establish a baseline for this small agency's inventory controls, the reports generated from it have proven seriously flawed and unfortunately one-sided." Although, the RCPA disagreed with the presentation of findings in the report, the agency intends to implement most of the recommendations, and is urged to implement the remaining recommendations.

### **Audit Follow-up**

The RCPA reported that eight recommendations have been implemented and the remaining recommendation is in the process of being implemented.

## DEPARTMENT OF RECORDS AND INFORMATION SERVICES

Audit Report on the Department of Records and Information Services' Controls over its Inventory of Computers and Related Equipment

Audit #: MG17-101A

Comptroller's Audit Library #: 8548

Issued: December 27, 2017

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Department of Records and Information Services (DORIS) maintained adequate controls over its inventory of computers and computer related equipment in compliance with applicable rules and regulations.

DORIS provides record management services to fifty City agencies, ten courts, and the City's five district attorneys' offices. DORIS's record management services include off-site storage and retrieval, and overall guidance on how those entities manage their records in various media.

DORIS maintains computers and related equipment at three locations: its main offices in Manhattan and at two warehouses located in Brooklyn and Queens. DORIS maintains a master inventory list in a Microsoft Excel file, and as of March 6, 2017, DORIS recorded that it had 462 computers and related equipment items in inventory.

During Fiscal Year 2017, DORIS expended \$7,726,350 consisting of \$3,702,713 for personal services and \$4,023,637 for other than personal services (supplies, materials, and services necessary to support agency operations).

### Results

The audit found that DORIS's management has not instituted proper controls over the agency's inventory of computers and related equipment. Specifically, the audit found that DORIS did not have written policies and procedures for managing its inventory. The audit also found inadequate segregation of duties related to DORIS's management of its computer-related inventory and inadequate evidence that the agency performed periodic inventory counts as required.

As a result of the above-mentioned control deficiencies, DORIS's inventory records were incomplete and inaccurate. Specifically, DORIS's master inventory list included equipment that auditors could not find in the agency's possession, excluded other equipment that was in the agency's possession, and omitted certain information required by City inventory-control policies, such as purchase dates and prices paid for listed assets. In addition, DORIS could not identify all relinquished items nor was it able to provide documentation that those items met the criteria that would qualify them to be relinquished.

The audit makes nine recommendations to address the issues raised, including the following:

- DORIS should create written inventory-management policies and procedures that delineate its staff's responsibilities for computers, related equipment, and other assets in conformity with the DOI Inventory Standards and the specific needs and operations of the agency.
- DORIS should ensure that key responsibilities for the management of the agency's inventory of computers and related equipment are adequately segregated or that compensating controls are implemented.
- DORIS should perform and document annual inventory counts of its entire inventory in accordance with DOI Standards.

- DORIS should ensure that all necessary information for each inventory item is included in the master list.
- DORIS should comply with the City's relinquishment policy and ensure that all unused computers and related equipment presently in storage are relinquished in accordance with the requirements.

In its response, DORIS agreed with the audit's nine recommendations and contended that it is already in compliance with the recommendation that it review existing stock levels before making purchases. DORIS also provided us with an implementation plan for the recommendations.

### **Audit Follow-up**

DORIS reported that all of the audit recommendations have been implemented.

## SCHOOL CONSTRUCTION AUTHORITY

Audit Report on the New York City School Construction Authority's Administration of Its "Other Funds Account"

Audit #: FM17-064A

Comptroller's Audit Library #: 8556

Issued: January 17, 2018

Monetary Effect: Potential Revenue: \$581,000

### Introduction

This audit was conducted to determine whether the New York City School Construction Authority (SCA) properly administered its Other Funds Account in accordance with applicable laws, rules, and regulations.

The SCA is a public benefit corporation established in 1988 by the New York State Legislature under the New York State Public Authorities Law and is responsible for the design, construction, improvement, rehabilitation, and repair of the New York City (City) public schools. The SCA's operations are primarily funded by budget appropriations made by the City through its capital budget process under the direction of the City Office of Management and Budget.

In addition, pursuant to Public Authorities Law §1725-1748, the SCA is authorized to apply for and/or accept any gifts, grants, loans, property, financial aid, or other aid in any form from any instrumentality of the federal government, New York State, and the City or from any other source, provided that the SCA expends such funds for purposes specified in the Public Authorities Law. The SCA periodically receives additional funds from sources other than the City's capital budget appropriations. To maintain these funds, the SCA established a miscellaneous account, known as the "Other Funds Account."

The Public Authorities Law provides that funds maintained by the SCA that do not need to be immediately expended, should be invested in accordance with §11 of the General Municipal Law, without regard to the source of those funds. The SCA must comply with all applicable internal controls and accountability directives issued by the Office of the Comptroller.

### Results

The audit found that the SCA lacked sufficient internal controls over the administration of the Other Funds Account and, as a result, the financial records related to that account, were inconsistent and inaccurate. These control deficiencies could impair the SCA's ability to make decisions on the appropriate use and allocation of the funds. In addition, the audit found that the SCA did not consistently follow the investment requirements of the Public Authorities Law, and it maintained in excess of \$100 million in a checking account that earned minimal interest, which could have been invested at a higher rate of return.

To address these issues, the audit made two recommendations, including that the SCA should:

- Implement controls to ensure that it accurately and consistently records the funding source classifications and use designations (dedicated or discretionary) of Other Funds Account funds in all of the SCA's financial records.
- Deposit the funds maintained in the Other Funds Account not needed for immediate use in an investment account in accordance with the General Municipal Law.

In its response, the SCA agreed with the audit's recommendations and stated that it had begun to implement most of the recommendations prior to the commencement of the audit based on



reports it received from the SCA Office of Inspector General and Ernst & Young. In addition, the SCA took issue with some of the audit findings.

Subsequent to the release of the final report, the auditors calculated that if the SCA had reinvested \$60 million in unused funds that had been in the City's special treasury account at a 1.03 percent rate rather than placing the money in a checking account at an average 0.08 percent rate, the SCA could have earned almost \$581,000 in additional interest on these funds during Fiscal Year 2016.

### **Audit Follow-up**

The SCA reported that both audit recommendations have been implemented.

## BOARD OF STANDARDS AND APPEALS

Letter Audit Report on the Collection and Reporting of Revenues by the Board of Standards and Appeals

Audit #: FP18-107AL

Comptroller's Audit Library #: 8570

Issued: May 17, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the Board of Standards and Appeals (BSA) correctly accounted for, and safeguarded, the application fee revenue it receives.

The BSA is an independent board of five members appointed by the Mayor, each for a term of six years. The BSA was established in 1916 in conjunction with the creation of the City's first zoning ordinance. Its responsibilities include reviewing and deciding applications for appeals from City agency denials of property owner requests to construct or alter buildings, or to establish new uses for properties within the City. The City Charter empowers the BSA to interpret the meaning and applicability of the provisions of the Building Code, Fire Code, Multiple Dwelling Law, Labor Law, and the City Zoning Resolution and to override decisions of other City agencies.

The BSA generates revenue from application fees for variances, appeals, and other miscellaneous fees as provided by §25-202 of the New York City Administrative Code and the City Environmental Quality Review Regulations. The fees can range from \$440 to \$314,225 per application and must be paid by check or money order upon the submission of the application and prior to the application's being placed on the docket to be heard. In Fiscal Year 2017, the BSA's revenues as reported in the City's Financial Management System totaled \$1.65 million, consisting of \$1.4 million for variances, \$244,070 for appeals, and \$4,390 for miscellaneous fees.

### Results

The audit found that the BSA did not comply with the daily-deposit rule established by Comptroller's Directive #11, which states, in part that "[a]ccumulation of in-office cash receipts is not acceptable and all funds received must be deposited in the bank on at least a daily basis, except under extraordinary circumstances."

The audit found that in Fiscal Year 2017, the BSA held \$1.18 million of the \$1.65 million in checks and money orders it collected (which were aggregated in 19 of the 26 Deposit Summaries) for more than one week before delivering them to the Department of Citywide Administrative Services (DCAS) for deposit. Overall, the BSA held on to the deposits for periods that ranged from 8 to 28 business days. Although the BSA holds the checks it receives in a locked safe, the BSA's risk that the funds could be lost or stolen increases the longer they remain in its custody, a risk it can mitigate by making timely bank deposits. Further, Citywide adherence to the daily deposit rule, which applies to all City agencies, enables the City to promptly earn interest on its cash and optimize the availability of funds needed for immediate use. Conversely, delays in the City's deposits diminish those opportunities.

To address this issue, the audit recommended that the BSA transfer the funds it collects to DCAS for deposit within a day of receipt in accordance with Comptroller's Directive #11.

In its response to the audit, the BSA agreed with our recommendation and stated that "[t]he Board will comply with this recommendation to the greatest extent practicable given the limited size of the BSA staff and its resources. BSA will explore with DCAS alternate methods of efficient and more timely deposit of funds."

### **Audit Follow-up**

The BSA reported that it has not been able to implement the recommendation due to a shortage of staff. The BSA also stated that it will continue to research other options to implement the recommendation.

## TAXI AND LIMOUSINE COMMISSION

Audit Report on the New York City Taxi and Limousine Commission's Oversight over Its Revenue Collection Practices

Audit #: FM17-082A

Comptroller's Audit Library #: 8526

Issued: July 12, 2017

Monetary Effect: Potential Revenue: \$5,700,000

### Introduction

This audit was conducted to determine whether the New York City Taxi and Limousine Commission (TLC) has adequate internal controls to ensure that revenues are properly collected, recorded, and reconciled and that related transactions are supported by adequate documentation.

TLC was created in 1971 by Local Law 12 to regulate and improve taxi and livery services in New York City. Its mission is to establish and enforce professional and uniform standards applicable to "for-hire" transportation service and ensure public safety. Pursuant to Chapter 65, §2303, of the City Charter, TLC is authorized to license and regulate the medallion taxicabs, street hail liveries (SHLs) (commonly known as "green cabs"), and other transportation service providers. TLC also performs safety and emissions inspections of TLC-licensed vehicles, issues summonses for TLC-related violations, and oversees the sale and transfer of medallions and SHL permits.

TLC is governed by a board of nine commissioners appointed by the Mayor, one of whom is appointed as the Chair. The Chair presides over regularly scheduled public meetings and functions as the head of TLC. The administration of TLC's revenue is governed by Comptroller's Directives that prescribe methods for revenue-collection and recording for City agencies.

TLC's main revenue categories include fees paid in connection with licensing and inspections, fines, and medallion sales. For Fiscal Years 2015 and 2016, TLC reported total revenue of \$95 million and \$85 million, respectively. Further, TLC administers the collection of other revenue related to its Taxicab Improvement Fund (TIF) and the medallion transfer tax. TIF revenue, which is collected through a \$0.30 per ride fare surcharge, is used to subsidize the cost of increasing the number of wheelchair-accessible TLC-licensed vehicles. In addition, TLC, on behalf of the New York City Department of Finance (DOF), collects a tax that is levied on all medallion transfers.

### Results

The audit found that TLC has adequate controls over the core components of its revenue collection, recording, and reconciliation processes. However, the audit also found control weaknesses in certain aspects of TLC's operations that have fiscal implications for the City. Specifically, the audit found that TLC relaxed its rules for assessing medallion transfer taxes, which resulted in under-assessments of an undetermined amount. Based on a review of 100 transfers out of 232 that occurred during the audit scope period, the audit identified 8 transfers that were assessed for lower amounts than required by applicable rules, which resulted in the total amount of the assessments being \$29,225 less than it should have been. In addition, delays and missed opportunities in TLC's enforcement of TIF requirements contributed to an uncollected balance, as of May 2017, of \$5.7 million, or 8 percent, of the \$72.7 million of TIF surcharges paid by passengers throughout the two preceding fiscal years. Finally, the audit found TLC erroneously classified approximately \$1 million of revenue derived from fines it collected following proceedings at the City's Office of Administrative Trials and Hearings (OATH).

To address these issues, the audit recommended that TLC should:

- Ensure that its internal policies and procedures for the assessment and collection of the medallion transfer tax are consistently applied in compliance with applicable law, including applicable TLC rules. If rule changes are warranted, follow the procedures prescribed by applicable law for effecting such changes.
- Enforce licensees' obligations to remit, on time and in full, all TIF surcharges, promptly commence enforcement proceedings against delinquent licensees, and take all necessary, lawful actions to collect the sums owed.
- Ensure that staff responsible for approving and recommending approval of medallion and SHL permit transfers require all prospective transferors to clear unpaid TIF balances before processing of any such transfer.
- Implement sufficient controls to ensure accurate classification and reporting of fines collected as a result of OATH proceedings and review the sufficiency of related accounting procedures and controls.

In its written response, TLC summarized its efforts and progress to date in relation to the collection of revenue generally, and referred to certain actions it planned to take to address issues identified in the audit. Although TLC responded to each audit recommendation, in most instances it neither expressly agreed nor disagreed with those recommendations. Preliminarily, in response to the recommendation that it ensure it consistently applies its rules related to the imposition of the medallion transfer tax, TLC contends that it can restore consistency between its rules and its internal policies without actually changing its published rules. With regard to the additional recommendations, TLC does not clearly state whether it will promptly commence enforcement proceedings to collect delinquent TIF surcharges as recommended. Similarly, TLC does not make clear whether it will instruct its staff to require clearance of all outstanding TIF charges before approving or recommending approval of the proposed transfer of a medallion or permit, which is also recommended.

### **Audit Follow-up**

TLC reported that the audit recommendations have either been implemented or are in the process of being implemented.

## TAXI AND LIMOUSINE COMMISSION

Audit Report on the New York City Taxi and Limousine Commission's Controls over Processing Consumer Complaints

Audit #: MD18-056A

Comptroller's Audit Library #: 8591

Issued: June 27, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Taxi and Limousine Commission (TLC) has adequate controls over processing consumer complaints.

The TLC is responsible for licensing and regulating the City's medallion (yellow) taxicabs, street hail liveries (green taxis), for-hire vehicles (community-based liveries, black cars, and luxury limousines), commuter vans, and paratransit vehicles. The TLC licenses and regulates over 130,000 vehicles and approximately 180,000 drivers.

A consumer can file a complaint with the TLC if s/he has a negative experience with a TLC-licensed driver or vehicle concerning one or more of the following issues: unsafe driving; cell phone use while driving; overcharging or demanding tips; refusing a passenger's requests, including requests for pick-up, change of radio volume, heat, or air conditioning; treating the passenger rudely; having a dirty condition or bad odor in the vehicle; or refusing a passenger because of race, disability, or destination within New York City.

Consumer complaints are processed by the Consumer Complaint Unit of the TLC's Prosecution Department. Complaints alleging serious offenses, such as spitting or sexual harassment, are transferred to the Discretionary Revocation Unit for investigation. There is no deadline for submitting a consumer complaint. To file a complaint, a consumer (complainant) can call 311 or access 311 online at [nyc.gov/311](http://nyc.gov/311). Consumers can also file complaints by sending a letter, email, or fax to the TLC; calling the TLC call center; or appearing in person at the TLC's office. All complaints are entered into 311 for processing. Complaints are stored—along with incident details and complainant contact information—in 311's web-based citywide database.

### Results

The audit found that the TLC does not have adequate controls over its processing of consumer complaints. A primary cause is that the TLC has not instituted sufficient input, processing, and access controls in its complaint database to ensure the completeness and integrity of the data. The TLC also failed to ensure that critical system documentation—such as data field definitions; a complete, current user manual; and a description of security access levels for the system—is maintained. Finally, the TLC did not ensure that complaint dispositions are updated in 311's citywide database so that accurate complaint-closed dates are recorded.

The audit made 14 recommendations, including:

- The TLC should ensure that its complaint database has adequate input controls by creating valid-syntax rules for inputting information, making certain fields conditional, and generating appropriate error messages.
- The TLC should ensure that its complaint database has adequate processing controls, including controls for the identification of duplicate complaints and for filtering or flagging complaints requiring supervisory review, and suitable close-out options for complaints referred within the TLC from one unit to another.

- The TLC should ensure that appropriate access controls are established in its complaint database by creating and assigning additional profiles based on the staff's access levels and responsibilities and by enabling read-only access for certain users as appropriate.
- The TLC should update its complaint database's data dictionary to include a description of the data captured by each field.
- The TLC should review the complaint database user manual, update it where necessary and distribute the complete manual to all database users.
- The TLC should maintain an accurate list of complaint database users, including the available functions or permissions that can be performed by each.
- The TLC should ensure that complaints are closed out in 311's citywide database on the same dates that they are actually closed in TLC's complaint database. If this is not feasible, the TLC should consider using data from its complaint database as the source for the average number of days to close complaints figure reported in the Mayor's Management Report.
- The TLC should adequately document its complaint processing procedures in comprehensive written policies.

In its response, the TLC agreed with 12 of the audit's 14 recommendations and disagreed with 2 recommendations that it maintain user profiles for one of its computer systems and that it investigate the creation of a holding queue for certain complaints—when bases fail to timely identify the subject drivers—so that they are not closed prematurely.

#### **Audit Follow-up**

TLC reported that the 12 recommendations that it agreed with have either been implemented or are in the process of being implemented, and continues to disagree with the remaining 2 recommendations.

## DEPARTMENT OF TRANSPORTATION

Audit Report on the Department of Transportation's Access Controls over Its Computer Systems

Audit #: SI17-107A

Comptroller's Audit Library #: 8560

Issued: February 6, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether the New York City Department of Transportation's (DOT's) access controls over its computer systems had adequate system security and access controls in place to protect the information in its computerized environment.

DOT manages one of the most complex urban transportation networks in the world. It is responsible for the condition and operation of 6,300 miles of streets, highways, public plazas, and 789 bridge structures. It maintains over one million street signs, 12,700 signalized intersections, over 315,000 street lights, and over 200 million linear feet of markings. In addition, it manages and maintains the City's streets, sidewalks, curbside parking, bike lanes, bus lanes, and un-tolled bridges, as well as the Staten Island Ferry.

As part of its operations, DOT uses 88 computer applications. The agency identified 15 of those applications as critical. The 15 critical applications process private information in addition to public data. The private information includes driver's license numbers, personal medical data, the names and addresses of the employers of permit applicants, and other information restricted to agency use. All of DOT's applications and their data are regulated by the agency's policies and the New York City Department of Information Technology and Telecommunications' (DoITT's) policies.

### Results

The audit found that DOT has established controls for application access and data protection, and has implemented security controls to protect its computerized environment. However, the audit found weaknesses in certain of those access and security controls. Specifically, DOT had not deactivated or disabled the user accounts of 113 former or on-leave employees, as required by DoITT's policies, increasing the risk that unauthorized users could gain access to DOT's applications and attempt to modify, delete, or steal data. In addition, DOT did not implement and enforce DoITT's password-expiration and complexity rules for three critical applications. The audit also found that two DOT public web applications used an unsecured network protocol—a method by which computers communicate with each other—that rendered the applications and the communications the protocol carries vulnerable to unauthorized intrusion and interception.

Further, as of September 14, 2017, DOT had not classified the data in the majority of its applications into public, sensitive, private, or confidential categories as prescribed by DoITT policy. Data classification is a critical step toward determining whether security controls are adequate for different sets of data. DOT has also initiated but not completed a comprehensive risk assessment of its computer systems, which is necessary to identify and address system and data security requirements. The audit also found that DOT had not promptly addressed reported vulnerabilities in several servers and that the agency was using a server configuration with an outdated, unsecured encryption protocol.



The audit made the following 10 recommendations:

- Immediately disable former and inactive employees' user accounts in all of its applications and thereafter conduct periodic reviews to identify and disable the application user accounts of former and inactive employees.
- Ensure that DOT's Human Resources Department promptly informs the Information Technology Administrators in charge of maintaining user accounts when an employee leaves the agency or goes on long-term leave.
- Ensure all current and future applications follow DoITT's security policies and allow for the deactivation of former or on-leave employees without loss of data the agency needs to retain.
- Review the system controls and procedures in place and modify them if necessary to ensure that user accounts are promptly deactivated for people who are separated from DOT.
- Ensure all applications follow DoITT's Identity Management and Password Policies.
- Ensure that the AOL and ODVP applications, and all web-based, public-accessed applications that handle private or confidential data utilize the secure Hypertext Transfer Protocol Secure (HTTPS) protocol.
- Ensure that agency-wide data classification is completed and appropriate controls are implemented to safeguard the data based on its classification.
- Implement the necessary controls to prevent, detect, and block the theft of data via external devices connected to its computers such as USB storage drives and portable hard drives.
- Address all detected vulnerabilities by applying the proper patches and configuration changes; a follow-up network vulnerability scan report should also be generated to confirm that mitigation of vulnerabilities has taken place.
- Complete a risk assessment of its systems and data as described in National Institute of Standards and Technology's (NIST's) Cybersecurity Framework and in the Center for Internet Security's (CIS's) Critical Security Controls.

In its response, DOT agreed with all 10 of our recommendations. However, DOT took issue with one finding, stating that "[t]he report does not accurately present the correct number of employees who had unauthorized access to critical applications. The report cites 113 employees who had unauthorized access and the accurate figure is 52."

### **Audit Follow-up**

DOT reported that the audit recommendations have either been implemented or are in the process of being implemented.



**SECTION II**

**NON-GOVERNMENT AUDITS  
AND  
SPECIAL REPORTS**



## CLAIMS

During Fiscal Year 2018, reports were issued on claims filed against the City. The analyses accepted amount for those claims totaled: \$453,446. This resulted in a potential cost avoidance of \$647,438 as shown below:

Total Claim Amount	<b>\$1,100,884</b>
Less: Analyses Accepted Amount	<b>\$453,446</b>
Potential Cost Avoidance	<b>\$647,438</b>

**\*Note:** As stated, these cost-avoidance figures are only “potential.” They are based on results of analyses, and these are only the first step in the claims process. As claims are further processed and as they are concluded via settlement or lawsuits, the actual figures will be different because of other factors that need to be considered at other steps of the claims process.

A list of the five claims follows:

REPORT NUMBER	CLAIMANT	DATE ISSUED	CLAIM AMOUNT	ANALYSES ACCEPTED AMOUNT	DISPOSITION SETTLEMENT AMOUNT
SR18-096S	317 Aladdin Hotel Corp	5/11/18	*	*	*
SR17-141S	Ketchum, Inc.	8/30/17	*	*	*
SR18-081S	Pacific Indemnity Insurance Co. as Subrogee of Brooklyn Queens Nursing Home	1/8/18	*	*	*
SR18-092S	Penda Aiken, Inc.	12/12/2017	*	*	*
SR18-120S	Paolo Pelosini.	5/11/18	*	*	*
	<b>FISCAL YEAR 2018 TOTALS</b>		<b>\$1,100,884</b>	<b>\$453,446</b>	<b>\$647,438</b>

## ECONOMIC DEVELOPMENT CORPORATION

Letter Audit Report on the Compliance of FirstFlight Heliport, LLC d/b/a Saker Aviation Services, Inc. with Its Concession Agreement

Audit #: FN18-073AL

Comptroller's Audit Library #: 8574

Issued: June 04, 2018

Monetary Effect: None

### Introduction

This audit was conducted to determine whether FirstFlight complied with the major terms of its concession agreement, including whether FirstFlight accurately collected and reported revenue derived from its operation of the Downtown Manhattan Heliport (the Heliport), paid the required fees to the City, expended the required amounts on capital improvements, and adhered to certain provisions of the agreement that limit the number of tourist flights and require FirstFlight to mitigate noise pollution and air quality issues.

In 2008, the City, acting by and through the Department of Small Business Services (DSBS), entered into a 10-year concession agreement with FirstFlight to operate the Heliport (the Concession Agreement). The New York City Economic Development Corporation (EDC) administers the Concession Agreement for the City. Under the Concession Agreement, FirstFlight is tasked with the day-to-day management of the Heliport and various administrative responsibilities, such as billing and collection of revenue, and ensuring compliance with the Concession Agreement and regulatory requirements.

According to the Concession Agreement, FirstFlight is required to pay to the City each year the greater of a minimum annual guarantee amount or a percentage of FirstFlight's gross receipts. In Calendar Year 2016, FirstFlight reported gross receipts of \$13,076,947 from its operation of the Heliport and remitted a percentage fee of \$2,716,055 to the City.

On February 2, 2016, the City and FirstFlight amended the Concession Agreement to reduce the number of tourist flights at the Heliport by 50 percent as of January 1, 2017, restrict the number of weekend tourist flights to 300 on Saturdays and none on Sundays, and mitigate certain noise and air quality issues at the Heliport. Specifically, under the amendment, FirstFlight is required to make its best efforts to limit helicopter-engine idling time at the Heliport to not more than 10 minutes per flight and to actively research ways to further reduce the effects of noise and emissions pollution.

### Results

Although the audit found that the FirstFlight generally complied with the financial terms of the Concession Agreement, the audit identified a weakness within the FirstFlight's operation that the FirstFlight should address to strengthen its operation. Specifically, during the three days on which the auditors observed helicopter flights at the Heliport, they observed 23 instances—out of 118 flights reviewed for idling time—in which flight operators idled their engines longer than 10 minutes. Of those 23 instances, 11 flights idled from 11 to 15 minutes, 5 flights idled from 16 to 20 minutes, and 7 flights idled for more than 20 minutes, with the longest idling period recorded at 41 minutes. The average idling time for the 23 instances was 19 minutes. In connection with those observations found that FirstFlight had not established procedures to monitor or enforce flight operators' compliance.

The audit recommended that the FirstFlight strengthen its operation by developing and implementing procedures to limit helicopters' idling time at the Heliport.

In its response, the FirstFlight stated, “[w]e concur with the Audit’s sole recommendation regarding procedures to limit helicopter idling time at the Heliport. As we shared with the CAT [Comptroller’s Audit Team], however, we believe those procedures were and are in place from a practical standpoint. The recommendation of the Audit simply caused us to codify our previous practices in connection with this activity. We further intend to review with NYCEDC the efficacy of implementing an ‘idling fee’ in conjunction with our next review of fees and charges.”

### **Audit Follow-up**

FirstFlight reported that the audit recommendation has been implemented.

## WELFARE FUNDS

Analysis of the Financial and Operating Practices of Union-Administered Benefit Funds with Fiscal Years Ending in Calendar Year 2015

Audit #: SR17-140S

Comptroller's Audit Library #: 8562

Issued: March 12, 2018

Monetary Effect: None

### Introduction

Union-administered benefit funds were established under collective bargaining agreements between the unions and the City of New York. They provide City employees, retirees, and dependents with a variety of supplemental health benefits not provided under City-administered health insurance plans. Certain other benefits are also provided at the discretion of the individual funds (e.g., annuity accounts, life insurance, disability, and legal benefits). This report contains a comparative analysis of 90 of the welfare, retiree, and annuity funds whose fiscal years ended in Calendar Year 2015. These funds received approximately \$1.14 billion in total City contributions for the fiscal year.

### Results

This report comprises data received in response to Comptroller's Directive #12. As in previous reports, there were differences in the amounts spent by the funds for administrative purposes. In addition, several funds maintained high reserves while expending lower-than-average amounts for benefits—a possible indication that excessive reserves were accumulated at the expense of members' benefits. Further, some funds did not comply with various parts of Comptroller's Directive #12 requirements and of fund agreements with the City. In 2015, more than half of the funds in our analysis reported investment losses.

The report contained 12 recommendations to address the above weaknesses, including that:

- Trustees of funds that have incurred large investment losses, should review their fund's investment policy and ensure that monies are properly invested in accordance with their policy.
- Trustees of funds with higher-than-average administrative costs as a percentage of total revenue should reduce administrative expenses and determine whether the savings can be redirected to increased benefits for members.
- Trustees of funds with lower-than-average benefit expenses as a percentage of total revenue should determine whether their revenues can support increased benefits for members.
- Trustees of funds with low reserve levels should ensure that their funds maintain sufficient reserves to guard against insolvency.

In addition, this report identified 12 funds that had potential financial issues that should be addressed by fund management.



## Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Actuary, Office of (Controls over Its Computer and Computer-Related Equipment)	FM18-095A	9	9	
Administration For Children's Services ( Educational Alliance Screening of Personnel)	ME17-118A	7	7	
Administration For Children's Services (Brightside Academy Screening of Personnel)	ME17-119A	3	3	
Administration For Children's Services (All My Children Daycare and Nursery School Screening Personnel)	ME17-120A	4	4	
Administration For Children's Services (Staten Island Mental Health Society's Screening of Personnel)	ME17-122A	4	4	
Administration For Children's Services (Security Controls over Its Personally Identifiable Information)	SI18-060A	17	17	
Administrative Tax Appeals (Compliance with Local Law 36)	SZ18-133AL	3	3	
Aging, Dept. for the (Compliance with Comptroller's Directive #24)	MD17-108A	4	4	
Borough President, Manhattan (Cash Controls over Transactions from the Topographical Bureau)	FP18-106A	2	2	
Buildings, Department of (Follow-up Review of the City's Oversight Over Privately Owned Public Spaces)	SR18-075SL	3	2	1
CUNY (Eugenio Maria De Hostos Community College Controls Over Student Activity Fees)	MD17-136A	13	13	
CUNY (Borough of Manhattan Community College's Controls over Technology Fees)	FK18-103A	9	7	2
Citywide Administrative Services, Department Of (Compliance with Local Law 57)	SZ17-133A	3	3	
Civilian Complaint Review Board (Controls over Its Inventory of Computer and Related Equipment)	MD18-067A	10	10	
Collective Bargaining, Office of (Controls over Its Inventory of Computers and Related Equipment)	MH18-068A	6	6	
Conflicts of Interest Board (Oversight Over Collection and Reporting of Enforcement Fines)	FK17-068A	6	4	2
Cultural Affairs, Department of (Controls over Its Inventory of Computer and Related Equipment)	MJ18-072A	12	12	
District Attorney - Bronx (Inventory Practices)	FP17-123AL	3	3	
District Attorney - Kings County (Inventory Practices)	FK17-112A	10	7	3

## Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
District Attorney - Queens County (Inventory Practices)	FN17-103A	6	6	
District Attorney - Richmond County (Inventory Practices)	FK-17-126A	8	8	
District Attorney - Richmond County (Financial and Operating Practices)	FK18-102A	15	15	
Economic Development Corporation (Controls over Computer and Related Equipment)	SR17-105AL	1	1	
Economic Development Corporation (Compliance of FirstFlight Heliport, LLC)	FN18-073AL	1	1	
Education, Department of (Report of Violent and Disruptive Incidents at Its Schools)	MJ16-116A	5	3	2
Education, Department of (Monitoring of the Leadership Development Services Contract with NYC Leadership Academy)	MH17-076A	7	5	2
Education, Department of ((Oversight of Computer and Hardware Purchased Thru Apple Inc. and Lenovo Inc. Contracts)	FN17-098F	19	7	12
Education, Department of (Controls Over Competitive and Non-competitive Contracts and Contract-Related Actions	ME17-078F	20	19	1
Education, Department of (Controls Over Payments to Providers of Related Services to School Aged Students)	MD16-117A	9	5	4
Education, Department of (Efforts to Monitor and Address School Attendance of Homeless Children Residing in Shelters)	MG16-098A	12	8	4
Elections, Board of (Controls over Maintenance of Voters' Records and Poll Access)	MG16-107A	9	1	8
Finance, Department of (Restraint and Seizure of Payments to City Vendors with Tax Warrants)	SR17-111A	6	6	
Finance, Department of (Follow-up Review on Removal of Senior Citizen Homeowner Exemptions for Ineligible Properties Identified in Audit #SR16-087A)	SR18-077SL	2	2	
Health & Hospitals Corporation (Epic Electronic Medical Record System Implemented at Elmhurst Hospital Center)	SI17-079A	1	1	
Health and Mental Hygiene, Department of (Follow-up Violations Found at Group Child Care Centers)	MH17-056A	7	7	
Homeless Services, Department of (Advanced Payments Made to Adult Shelter Providers)	FP17-099A	9	2	7
Housing Authority (Maintenance and Inspection of Playgrounds)	SR17-127A	9	9	
Housing Authority (Tenant Selection Process)	ME16-118A	9	8	1

## Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Housing Preservation & Development (Follow-up Review of City Owned Vacant Lots)	SR18-074FL	3		3
Human Resources Administration (Home Care Services Program's Controls over Personally Identifiable Information)	SI18-061A	15	15	
Human Rights, Commission on (Controls over Its Inventory of Computers and Computer-Related Equipment)	ME18-062A	11	11	
Information Technology, Department of (Installation of LinkNYC Kiosks in New York City)	SZ17-139AL	2	2	
Metropolitan Transportation Authority (Brooklyn Buses Phase I)	SZ18-117AL	1	1	
Metropolitan Transportation Authority (Manhattan Buses Phase I)	SZ18-116AL	1	1	
Metropolitan Transportation Authority (Queens Buses Phase I)	SZ17-134AL	1	1	
Metropolitan Transportation Authority (Controls over the Process of Handling Access-A-Ride Complaints)	MJ17-086A	14	13	1
Parks & Recreation, Dept. of (Maintenance and Inspection of Playgrounds on NYC Housing Authority Properties)	SR18-099AL	3	3	
Parks & Recreation, Dept. of (Compliance with Local Law 57)	SZ17-132A	2	2	
Parks and Recreation, Department of (Wireless Internet Access as provided by AT& T, Spectrum and Altice USA)	SZ17-138AL	1	1	
Parks and Recreation, Department of (Oversight of Construction Management Consultants)	SE16-062A	25	22	3
Parks and Recreation, Department of (Access Controls over Its Computer Systems)	SI18-087A	13	6	7
Payroll Administration, Office of (Controls over Computer and Other Computer Related Equipment)	SR17-113AL	1	1	
Public Administrator, Queens County (Selection and Compensation of Outside Vendors)	FP17-137AL	4	4	
Public Administrator, Richmond County (Inventory Practices)	FP17-142A	9	9	
Records & Information Services, Dept. of (Controls Over Its Inventory of Computer and Related Equipment)	MG17-101A	9	9	
School Construction Authority (Administration of its "Other Fund Account")	FM17-064A	2	2	
Standards & Appeals, Board of (Collection and Reporting of Revenues)	FP18-107AL	3	2	1



## Recommendation Status By Agency

Agency	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*	% of Recommendations Implemented*
Actuary, Office of	9	9		100%
Educational Alliance	7	7		100%
Brightside Academy	3	3		100%
All My Children Daycare and Nursery School	4	4		100%
Staten Island Mental Health Society	4	4		100%
Administration For Children's Services	17	17		100%
Administrative Tax Appeals	3	3		100%
Aging, Department	4	4		100%
Borough President, Manhattan	2	2		100%
Buildings, Department of	3	2	1	67%
City University of New York	22	20	2	91%
Citywide Administrative Services	3	3		100%
Civilian Complaint Review Board	10	10		100%
Collective Bargaining, Office of	6	6		100%
Conflicts of Interest Board	6	4	2	67%
Cultural Affairs, Department of	12	12		100%
District Attorney - Bronx	3	3		100%

## Recommendation Status By Agency

Agency	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*	% of Recommendations Implemented*
District Attorney - Kings County	10	7	3	70%
District Attorney - Queens County	6	6		100%
District Attorney - Richmond County	8	8		100%
District Attorney - Richmond County	15	15		100%
Economic Development Corporation	1	1		100%
FirstFlight	1	1		100%
Education, Department of	72	47	25	65%
Elections, Board of	9	1	8	11%
Finance, Department of	8	8		100%
Health & Hospital Corporation	1	1		100%
Health and Mental Hygiene, Department of	7	7		100%
Homeless Services, Dept. of	9	2	7	22%
Housing Authority	18	17	1	94%
Housing Preservation & Development	3		3	0%
Human Resources Administration	15	15		100%
Human Rights, Commission on	11	11		100%
Information Technology, Department of	2	2		100%
Metropolitan Transportation Authority	17	16	1	94%

## Recommendation Status By Agency

Agency	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*	% of Recommendations Implemented*
Parks & Recreation, Dept. of	44	34	10	77%
Payroll Administration, Office of	1	1		100%
Public Administrator, Queens County	4	4		100%
Public Administrator, Richmond County	9	9		100%
Records & Information Services, Dept. of	9	9		100%
School Construction Authority	2	2		100%
Standards & Appeals, Board of	3	2	1	67%
Taxi & Limousine Commission	18	16	2	89%
Transportation, Dept of	10	10		100%
<b>TOTAL</b>	<b>431</b>	<b>365</b>	<b>66</b>	<b>85%</b>





**SECTION IV**

**INDEX OF GOVERNMENT AGENCY AUDITS AND SPECIAL  
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