

# AGENCY INTERNAL CONTROLS

## CHARTER INTERNAL CONTROL REPORTING REQUIREMENT

Statements on the status of mayoral agencies' internal control environments and systems for Fiscal 2011 and the actions taken or to be taken to strengthen such systems are set forth below, pursuant to Section 12(c)(3) of the New York City Charter. The Mayor's Office of Operations compiled these statements based upon reviews of 31 mayoral agencies' internal control certifications, financial integrity statements, applicable State and City Comptrollers' audit reports and agency responses to such reports. The heads of those agencies attested to the status of their agencies' internal control systems with respect to principal operations, including the 17 areas covered by the City Comptroller's Directive 1 checklist, specifically: effectiveness and efficiency; cash receipts; imprest funds (petty cash); billings and receivables; expenditures and payables; inventory; payroll and personnel; Management Information Systems (MIS) mainframe and midrange; MIS-personal computers and Local Area Networks; Internet connectivity; risk assessment, data classification and information security; incident response; single audit; licenses and permits; violations certificates; leases, concessions and franchises; and internal audit function.

## SUMMARY STATEMENTS ON THE STATUS OF INTERNAL CONTROL SYSTEMS

Agency heads reporting indicate that their systems of internal control, taken as a whole, are sufficient to meet the City's internal control objectives of maximizing the effectiveness and integrity of operations and reducing vulnerability to waste, abuse and other errors or irregularities. Certain agencies identified inefficiencies, which are covered below. The covered agencies are committed to pursuing applicable corrective actions and continuing to monitor their internal control systems.

### ADMINISTRATION FOR CHILDREN'S SERVICES

The Administration for Children's Services (ACS) reports the continuation and expansion of activities to further enhance its system of internal control. Specifically, ACS has formed an Office of Accountability and Audit (OAA) with the mission to cultivate and reinforce a culture of integrity, efficiency and accountability across the agency. The OAA's major areas of responsibility are the oversight of internal and external audit as well as internal controls for the agency. ACS states that it will continue to monitor its internal control environment, continuing and expanding upon past years' work to assess and strengthen internal controls, conduct internal audits, and manage external audit coordination and follow-up.

### CITY COMMISSION ON HUMAN RIGHTS

The City Commission on Human Rights (CCHR) reports ongoing activities including internal audits and management reviews with respect to the oversight of its internal control environment. Through self-inspections and internal audits, CCHR will continue to monitor its activities to ensure the sufficiency of its internal control environment.

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## **CIVILIAN COMPLAINT REVIEW BOARD**

The Civilian Complaint Review Board (CCRB) reports continuing activities to strengthen internal controls with respect to Information Technology, including the establishment of policies in accordance with City standards. CCRB will continue its course of corrective actions and monitor its overall internal control environment through internal audits.

## **DEPARTMENT OF BUILDINGS**

The Department of Buildings (DOB) reports further measures to enhance internal controls including online filing and payment solutions to reduce the number of cash receipts submitted by mail. In addition, the Department reports that mainframe backups are performed routinely and the mainframe mirror site is operational. DOB will monitor and strengthen its overall internal control environment through internal audits, follow-up on external audits and risk assessments.

## **DEPARTMENT OF CITY PLANNING**

The Department of City Planning (DCP) reports that its present system of internal controls, taken as a whole, is sufficient to meet the internal control objectives of maximizing the effectiveness and integrity of agency operations and reducing vulnerability with respect to waste, abuse, error or irregularities. DCP will continue to monitor its internal control environment through follow-up on external audits and by conducting management reviews.

## **DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES**

The Department of Citywide Administrative Services (DCAS) reports ongoing activities to further enhance its internal control environment. The Internal Audit Group is in the process of hiring additional audit staff; inventory management is being assessed through a newly formed Inventory Task Force to strengthen such operations. Also, expanded Information Technology measures have been implemented to prevent unauthorized data systems access. DCAS will continue to monitor its overall internal control environment through internal audits, follow-up on external audits and risk assessments.

## **DEPARTMENT OF CONSUMER AFFAIRS**

The Department of Consumer Affairs (DCA) reports ongoing oversight and improvements with respect to its internal control environment. DCA will continue to monitor its overall internal control environment through internal audits, external audit follow-up and risk assessments.

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## **DEPARTMENT OF CORRECTION**

The Department of Correction (DOC) reports ongoing actions to further strengthen its internal control environment, including expansion of its “cashless” operations with respect to inmates with cash at the time of facility entry; assessment of storehouse inventory particularly with respect to obsolete, damaged and excess items, as well as re-evaluation of reorder points; ongoing implementation of web-based applications; and replacement of obsolete technologies. DOC will continue its course of corrective actions and will monitor its overall internal control environment through internal reviews, follow-up on external audits and agency management reviews.

## **DEPARTMENT OF CULTURAL AFFAIRS**

The Department of Cultural Affairs (DCLA) reports the continuation of activities with respect to the monitoring and oversight of its internal control environment. These efforts include further enhancements to data systems supporting client grant application and reporting activity. In addition, the agency continues to improve its enterprise solution which supports the tracking of donors, recipients, transactions and inventory for Materials for the Arts. DCLA will continue to monitor its internal control environment through internal reviews and Information Technology.

## **DEPARTMENT OF DESIGN AND CONSTRUCTION**

The Department of Design and Construction (DDC) reports the continuation of extensive activities to oversee as well as maintain and further enhance its system of internal controls. This work includes the Quality Assurance Program covering management, recordkeeping, construction quality, safety and site maintenance through independent inspection of projects under the Public Buildings and Infrastructure Division. In addition, DDC continues its Key Performance Indicator Program to monitor the performance of construction jobs. The Internal Audit Office conducts reviews of agency policies and procedures to help ensure compliance with applicable laws and guideline; also, the agency applies technology to facilitate and streamline the contracting process. DDC will continue to monitor its overall internal control environment through internal audits, follow-up on external audits and risk assessments.

## **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

The Department of Environmental Protection (DEP) reports the continuation of activities to monitor and further enhance its system of internal controls, including implementation of a four-year strategic plan covering agency-wide performance measures and tool to assess and manage risk. DEP continues to focus its efforts on inventory management as well as accounts receivable. DEP will continue to monitor its overall internal control environment through internal audits, follow-up on external audits and risk assessments.

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## **DEPARTMENT OF FINANCE**

The Department of Finance (DOF) reports ongoing activity to further strengthen its system of internal controls, including establishment of disaster recovery strategies which support hosted systems. DOF will continue to monitor its control environment through internal audits, risk assessments and follow-up on external audits.

## **DEPARTMENT FOR THE AGING**

The Department for the Aging (DFTA) reports continued actions to establish a database to facilitate the real time oversight and reporting of services delivered by its providers and received by DFTA clients. This work will enhance the agency's ability to fulfill external reporting requirements and performance expectations. DFTA will continue to monitor its internal control environment by conducting internal control testing.

## **DEPARTMENT OF HEALTH AND MENTAL HYGIENE**

The Department of Health and Mental Hygiene (DOHMH) reports ongoing activities with respect to the continued oversight and monitoring of its internal controls environment. Specifically, DoHMH is enhancing overall readiness in the area of disaster recovery, including database and staff preparedness. Moreover, the agency is integrating warehouse management, distribution and procurement systems to enhance inventory control. The agency is also, reviewing and enhancing billing processes, particularly with respect to Medicaid revenues. DOHMH will continue to monitor its overall internal control environment through internal audits, follow-up on external audits, self-assessments and internal management reporting systems.

## **DEPARTMENT OF HOMELESS SERVICES**

The Department of Homeless Services (DHS) reports continued monitoring and further enhancements with respect to its system of internal controls. The enhancements include development of procurement procedures to help ensure adherence to Procurement Policy board rules, and a variety control mechanisms in the area of Management Information Systems. DHS also reports that compensating controls are in place to comply with risk management expectations. DHS will continue to monitor its overall internal control environment through internal audits, follow-up on external audits and risk assessments.

## **DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT**

The Department of Housing Preservation and Development (HPD) reports continued activity to monitor and further strengthen its system of internal controls. These actions include enhancements with respect to obtaining customer service feedback; ongoing development of write-off procedures with respect to outstanding receivables; and, the assessment of alternatives to further improve equipment tracking. HPD will continue to monitor its overall internal control environment, through follow-up by its Management Review and Internal Compliance Division.

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## **DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS**

The Department of Information Technology and Telecommunications (DOITT) reports ongoing oversight and further enhancements with respect to its system of internal controls. Specifically, the agency has created a Vendor Management Unit, which helps to ensure quality, cost-effectiveness and accountability regarding service delivery. Adherence to grant requirements remains an area of high priority. DoITT will continue to monitor its internal control environment through internal as well as external audits.

## **DEPARTMENT OF INVESTIGATION**

The Department of Investigation (DOI) reports its ongoing commitment with respect to the oversight and enhancement of the agency's system of internal controls. Actions continue to strengthen data redundancy capacity. DOI will continue to monitor its internal control environment through internal audits and Information Technology.

## **DEPARTMENT OF PARKS AND RECREATION**

The Department of Parks and Recreation (DPR) reports ongoing activity to monitor and further enhance its system of internal controls. Agency actions include the conduct as well as oversight of numerous audits covering concessionaire compliance with contractual terms and conditions; and, the continued deployment of technology to facilitate efficient and effective agency operations. DPR will continue to monitor its internal control environment through agency management reviews and audits.

## **DEPARTMENT OF PROBATION**

The Department of Probation (DOP) reports continued oversight and further strengthening of internal controls particularly with respect to the expansion of the Quality Assurance Department and staff training. These activities are directed especially toward contracted community-based organizations. Efforts are ongoing with respect to data system redundancy and enhancing restrictions that prevent unauthorized computer system access. DOP will continue to monitor its internal control environment through internal audit activity and management reviews.

## **DEPARTMENT OF RECORDS AND INFORMATION SERVICES**

The Department of Records and Information Services reports ongoing oversight and support with respect to its system of internal controls, including the application of computer technology in the areas of procurement, timekeeping and warehouse security. The Department of Records and Information Services will continue to monitor its internal control environment through follow-up on external audits and Information Technology.

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## **DEPARTMENT OF SANITATION**

The Department of Sanitation (DSNY) reports ongoing activities to further strengthen its internal control environment, particularly with respect to its computer equipment inventory system which is estimated to be complete by fall 2012. DSNY will continue to monitor its internal control environment through internal audits, self inspections, risk assessments and follow-up on external audits.

## **DEPARTMENT OF SMALL BUSINESS SERVICES**

The Department of Small Business Services (SBS) reports continued oversight with respect to its internal control environment, including computer data and equipment security. SBS will continue to monitor its overall internal control environment through internal audits and management recommendations.

## **DEPARTMENT OF TRANSPORTATION**

The Department of Transportation (DOT) reports its continuous efforts to further strengthen its internal control environment. DOT will continue to monitor its internal control environment through internal audits and follow-up on external audits.

## **DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT**

The Department of Youth and Community Development (DYCD) reports ongoing activities with respect to the monitoring and further enhancement of its system of internal controls. These activities include the continued application of technology to facilitate and systematize operations of the Summer Youth Employment Program, standardized Program Quality Monitoring both within and across agency units, and the expansion of performance evaluations covering consultants. DYCD will continue to monitor its internal control environment.

## **FIRE DEPARTMENT**

The Fire Department (FDNY) reports ongoing activity with respect to the oversight and further enhancement of its system of internal controls, particularly in the areas of effectiveness and efficiency expenditures and payables, and violations and certificates. In this regard, FDNY reports the application of technological solutions to improve inspection data collection, maintenance of records as well as program management. FDNY will continue its course of corrective action and monitor its overall internal control environment through internal audits, follow-up on external audits and risk assessments.

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## **HUMAN RESOURCES ADMINISTRATION**

The Human Resources Administration (HRA) reports ongoing activity to monitor and further enhance its system of internal controls. HRA actions include Office of Constituent Communication strategies to improve response time for resolving cases; updating policies and procedures with respect to Investigation, Revenue, and Enforcement Administration to enhance operational efficiency and effectiveness; and, centralization and initiation of a bar-code system to facilitate inventory management and reconciliation activity. HRA will continue to monitor its overall internal control environment through its Office of Audit Services.

## **LANDMARKS PRESERVATION COMMISSION**

The Landmarks Preservation Commission (LPC) reports that its present system of internal controls taken as a whole is sufficient with respect to meeting internal control objectives of maximizing the effectiveness and integrity of agency operations, as well as reducing vulnerability to waste, abuse and other irregularities. LPC will continue to monitor its internal control environment.

## **LAW DEPARTMENT**

The Law Department reports the oversight and adequacy of its present internal control structures. The agency will continue to monitor its overall internal control environment through follow-up on external audits, management reviews, Internal Audit Unit activity and Management Information Systems.

## **POLICE DEPARTMENT**

The New York City Police Department (NYPD) reports the continuation of activities to maintain and strengthen its system of internal control, including claims for federal and State aid as well as remittance of precinct cash receipts. The NYPD will continue to monitor its internal control environment through the Internal Affairs Bureau, Quality Assurance Division, Fiscal Accountability Unit, Integrity Control Officers and Self-Inspection Program.

## **TAXI AND LIMOUSINE COMMISSION**

The Taxi and Limousine Commission (TLC) reports the ongoing activity with respect to the oversight of its system of internal controls. The Commission will continue to monitor its internal control environment through management and performance reviews and policies and procedures, follow-up on external audits and Information Technology.