
Introduction:

As authorized under Article V, Section 5-501, of the Charter of the City of Syracuse, an examination into the expenditure components of the annual budget for the City of Syracuse, New York, for the fiscal year ending June 30, 2007, was conducted. The examination was administered in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing*, as circulated by the Institute of Internal Auditors.

These standards require that we plan and perform the examination to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under examination. It was not our objective to, and we do not, express an opinion on the financial statements of the City of Syracuse, New York, or provide assurance as to either the City's internal control structure or the extent of its compliance with statutory and regulatory requirements and guidance of the Office of the State Comptroller.

The management of the City of Syracuse, New York, is responsible for the City's financial affairs and for safeguarding its resources. This responsibility includes establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that resources are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with management's authorization and are properly recorded; that appropriate financial records are prepared; that applicable laws, rules and regulations are observed; and that appropriate corrective action is taken in response to audit findings.

This report is intended solely for the information of the Mayor, Common Council and involved departments of the City of Syracuse, New York, yet it is understood to be a matter of public record and its distribution is not limited. Further information regarding this audit is available in the Office of the City Auditor upon request. The Office of the City Auditor would like to thank the personnel who assisted and cooperated with us during the audit.

Auditor's Note:

The Annual Examination of Expenditures is performed, by the Office of the City Auditor, to fulfill the various requirements mandated by the City of Syracuse Charter, Article V, Section 5-501, which state that the Office of the City Auditor "conduct, at least annually, an audit of every officer, department and board of the City". Prior to the City contracting external auditing services, the City Auditor previously performed the annual financial statement audit to fulfill this requirement. However, once external auditing services were secured, the City Auditor created the Comprehensive Audit - Examination of Expenditures to satisfy the above charter requirement and to avoid a duplication of auditing efforts.

In accordance with the newly designed audit program, the Office of the City Auditor issued standard audit questionnaires to every City of Syracuse department, with the purpose of documenting a general understanding of each department's operations and to establish a baseline for their internal control structure. Additionally, these questionnaires were designed as a risk assessment tool to help identify areas of greater risk for planning, reviewing and performing future departmental audits.

Scope:

The scope of the examination entailed reviewing all Aviation, General Fund, Sewer and Water Fund account expenditures for each department, office, bureau, and division; excluding capital, debt service,

grant programs, inter-fund transfers, and special objects of expense for the City of Syracuse for fiscal year ending June 30, 2007. After reviewing the account expenditures for each city department, a sample of claim vouchers was selected, pulled and reviewed, along with corresponding inventory records, and departmental authorized signor documentation for both voucher and inventory testing.

To date, there are several city departments that still have yet to respond to the numerous requests to complete and return the Audit Questionnaires, supporting inventory records, and various requests for additional information. As a result, City Auditor would like to remind all city departments that failure to cooperate and return requested information or documentation creates an impairment which restricts the Office of the City Auditor's ability to conduct and issue a comprehensive audit report.

Thus, in compliance with Government Auditing Standards, as issued by the Comptroller General of the United States and the US General Accounting Office, the City Auditor is mandated to note, in the both the scope and finding sections of the audit, any impairments, per Chapter 3, Section 10d of the GAO-07-162G, as follows.

While performing the annual review of each city department, as required by the City of Syracuse Charter, the failure of various departments to respond in a timely fashion to numerous requests to complete and return Audit Questionnaires, budget variance justifications, supporting inventory records, internal control documentation, and other various requests for additional departmental information, resulted in an external impairment to the independence of the Office of the City Auditor.

Objectives:

The first objective of the examination was to confirm that the Aviation, General, Sewer and Water Fund expenditures were used in a manner consistent with their original authorized budgeted amounts. This objective was accomplished by comparing the original authorized budgeted amounts, as listed in the 2006-2007 budget book, to the finalized expenditure totals presented in the Audited Financial Statements, issued by Testone, Marshal and Discenza, for fiscal year end June 30, 2007.

The second objective of the examination was to determine if claim vouchers were properly prepared and processed by individual departments. This objective was accomplished by reviewing 109 claim vouchers, prepared by those departments selected for testing, for proper vendor information, supporting documentation, departmental authorization, payment discrepancies, and fiscal year posting.

The third objective of the examination was to determine if proper inventory procedures were being followed to record City wide inventory. This objective was accomplished by requesting and reviewing all departmental inventory records that should have resulted from the original 109 claim vouchers previously selected for voucher testing above.

The fourth objective of the examination was to determine the accuracy of the information being presented in the authorized budget book. This objective was accomplished by comparing the original authorized budgeted expenditure figures presented in the 2006-2007 authorized budget book, to the final expenditure figures for fiscal year 2006-2007 presented in the 2008-2009 authorized budget book as the actual expenditures for fiscal year 2006-2007, and then comparing both of the above to the finalized expenditure figures recorded in the City's ACS general ledger accounting system for fiscal year 2006-2007.

The fifth objective of the examination was to identify which city departments were not properly reporting transactions back to the City of Syracuse's Department of Finance and Department of Management and Budget. The use of separate accounting software keeps transactions from being properly recorded and monitored in the City of Syracuse's ACS general ledger accounting system and from being accurately reflected in the city's printed budget book.

Methodology:

The methodology followed in the audit was to examine the expenditures in the Aviation, General, Sewer and Water Fund accounts for each department, office, bureau, and division excluding capital, debt service, grant programs, inter-fund transfers, and special objects of expense for the City of Syracuse for the fiscal year ending June 30, 2007.

A budget to actual variance on each department and individual line item included in the scope of the audit was prepared and analyzed. Year end financial data for the General, Sewer and Water Funds were retrieved from the City's ACS accounting system, and the year end financial data for the Aviation Department was retrieved directly from that departments' off line Solomon accounting system. The 2006-2007 authorized budget figures were reviewed and compared to the actual 2006-2007 expenditure figures, as listed in the 2008-2009 authorized budget book, and the finalized expenditure figures contained in the City of Syracuse's ACS accounting system.

Testing Results:

Variance Analysis:

For the variance analysis, the City Auditor chose to focus on the original authorized budget figures as opposed to the revised budget figures, since the original budget better reflects and measures management's initial planning efforts when aligned with the year-end actual expenditures.

Traditionally, the modified revised budget which includes the midyear transfer has been used as the reference for comparison with the actual expenditures for the fiscal year. As the midyear numbers are reflective of projections made more than half-way through the fiscal year, it was felt that the original budget approved by the administration and the Common Council provides the best baseline to be used for the analysis. The focus of this objective was on management's effort to formulate its best and most realistic budgetary estimate and its ability to remain within a reasonable variance of those estimates through the end of the fiscal year.

Please refer to the attached Expenditure Variance Summary, Aviation Department Actual Expenditure Reconciliation, General Fund Line Item Variance Report, and finally the Sewer and Water Fund Line Item Variance Report; for the budget to actual expenditure analysis for fiscal year ending June 30, 2007.

The original authorized budget amounts for the departments under audit for fiscal year 2006-2007 provided for expenditures totaling:

\$15,669,350 for the City's Aviation Fund, while actual expenditures, extracted from the City's ACS accounting system totaled \$8,346,101. However, after adjusting the City's ACS accounting system balances to reflect the Aviation Department's reimbursement to

the City's General Fund, actual expenditures totaled \$13,678,672 resulting in a budget surplus of \$1,990,679 or 13%.

\$114,024,359 for the City's General Fund, while actual expenditures, extracted from the City's ACS accounting system totaled \$114,705,553. This resulted in the City's General Fund experiencing a budget shortfall of \$681,194 or (1%). Again, the Office of the City Auditor would like to stress that the Comprehensive Audit specifically omits Special Objects of Expense. This exclusion is explicitly commented on further in the audit report under Finding XI, on page 20.

\$2,472,425 for the City's Sewer Fund, while actual expenditures, extracted from the City's ACS accounting system totaled \$2,609,461, resulting in a budget shortfall of \$137,036 or 6%.

\$9,030,048 for the City's Water Fund, while actual expenditures, extracted from the City's ACS accounting system totaled \$9,333,281, resulting in a budget shortfall of \$303,233 or (3%).

The Office of the City Auditor identified that the Water Fund, Sewer Fund and 13 different General Fund departments and/or divisions exceeded their original budgetary allocation by a gross total of \$303,233 for the Water Fund, \$137,036 for the Sewer Fund and \$3,122,900 for the General Fund. The Police Department's Uniform Bureau had the largest expense of \$1,704,245 over their original budget for fiscal year 2006-2007.

The Office of the City Auditor identified 32 different General Fund departments and/or divisions that under spent their original budgetary allocation by a gross total of \$2,441,707. The Code Enforcement Department produced the largest savings totaling \$302,404 for fiscal year 2006-2007.

Therefore, the City's overall General Fund nets out to a total deficit of \$681,194 or (1%), as 29% of the General fund departments analyzed, resulted in deficit balances and 71% resulted in surplus balances against the original stated budget, adopted by the Mayor and Common Council.

Voucher Testing:

In determining whether claim vouchers were properly prepared and processed by individual departments, the City Auditor randomly selected and reviewed approximately 1% of claim vouchers paid out of those departments that met the budget to actual ratio qualifications, identified in the audit plan. This resulted in the City Auditor's office pulling and reviewing 109 claim vouchers for proper vendor information, supporting documentation, departmental authorization, payment discrepancies, and proper fiscal year posting.

- A. When reviewing claim vouchers for proper fiscal year posting, the Office of the City Auditor looked at the following dates: purchase order, goods received, services rendered, invoicing, and general ledger posting to determine if the proper general ledger transaction date was used. Per the annual "Accounting Guidelines" memo distributed by the Office of Management and Budget and the Commissioner of Finance, "expenditures are incurred when... goods are received and/or services are rendered". Thus the goods and services received date is the most important factor in determining what fiscal year the expense will be charged. As a result, any

discrepancies noted between the shipping, received, service, and the general ledger transaction date was counted as an error, resulting in an overall 9% error ratio.

Out of the 109 claim vouchers reviewed, 10 were identified as not being posted to the proper fiscal year. When this 9% error ratio is projected out against the entire estimated population of 18,300 claim vouchers, the average number of claim vouchers issued without proper vendor information is estimated to be about 1,679.

- B. When reviewing claim vouchers for proper vendor information, the City Auditor compared vendor contact and payment information such as name, address, city, state, and zip code against city purchase orders and vendor invoices for consistency. Any discrepancies noted between the purchase order and vendor invoice was counted as an error, resulting in an overall 6% error ratio.

Out of the 109 claim vouchers reviewed, 7 were identified as not containing proper vendor information. When this 6% error ratio is projected out against the entire estimated population of 18,300 claim vouchers, the average number of claim vouchers issued without proper vendor information is estimated to be about 1,175.

- C. When reviewing claim vouchers for proper departmental authorization, the Office of the City Auditor compared the payment authorization name, signature, and job title on each claim voucher against the official "Authorized Signor Book" located within the Department of Finance - Bureau of Accounts. Any discrepancies noted between the claim voucher and the "Authorized Signor Book" was counted as an error, resulting in an overall 13% error ratio.

Only 14 of the 109 claim vouchers reviewed were identified as not being properly authorized; however, when the 13% error ratio is projected out against the entire estimated population of 18,300 claim vouchers, the average number of claim vouchers processed without proper authorization is estimated to be about 2,350.

- D. When reviewing claim vouchers for payment discrepancies, the Office of the City Auditor compared original purchase order estimates against vendor invoices and actual payment amounts posted to the General Ledger. Claim vouchers were reviewed for: accurate payment amounts, 10% price variations, taxes, freight, change orders, refunds and credits. Any discrepancies noted between the purchase order and vendor invoice was counted as an error, resulting in an overall 9% error ratio.

Although only 10 of the 109 claim vouchers reviewed were identified as having payment discrepancies; when the 9% error ratio is projected out against the entire estimated population of 18,300 claim vouchers, the average number of claim vouchers issued with improper payment amounts is estimated to be about 1,679.

- E. When reviewing claim vouchers for proper supporting documentation, the Office of the City Auditor examined each claim voucher selected for testing against its attached supporting documentation for: correct preauthorized purchase order (PO) numbers, original, complete and accurate vendor invoices, consecutive PO numbers for change orders greater 10%, authorizing ordinances, and general supporting documentation for journal entries and inventory. Any

discrepancies noted between the purchase order and vendor invoice was counted as an error, resulting in an overall 13% error ratio.

Of the 109 claim vouchers reviewed, 14 were identified as not containing proper supporting documentation. When this 13% error ratio is projected out against the entire estimated population of 18,300 claim vouchers, the average number of claim vouchers issued without proper supporting documentation is estimated to be about 2,350.

In summary, of the 109 claim vouchers under review; 55 claims (or 50%) were found to contain some type of an error ranging from improper fiscal year posting, vendor information, departmental authorization, payment discrepancies, or supporting documentation, as indicted in the test result chart below:

<u>Explanation</u>	<u>Errors Found</u>	<u>Error Percentages</u>	<u>Projected Errors</u>
Fiscal Year Posting	10	9%	1,679
Vendor Information	7	6%	1,175
Departmental Authorization	14	13%	2,350
Payment Discrepancies	10	9%	1,679
Supporting Documentation	14	13%	2,350
No Errors Found	54	50%	9,066
Total	109	100%	18,300

Authorized Signor Reporting:

While reviewing claim vouchers for proper payment authorization, the City Auditor verified each payment signature against its corresponding Departmental Authorization Signature Form, on file with Bureau of Accounts.

In reviewing the authorized signature forms, the City Auditor discovered that three Departments; Aviation, Citizen Review Board and the Parks Departments all have created potential conflicts of interest in designating individuals who oversee accounting functions as authorized signors, and five Departments; Assessment, Community Development Operations, Finance Division of Parking, Finance Treasury and Water Engineering and Maintenance still listed previous city employees as authorized signors, as 41% of the Authorized signor forms on file, have not been updated in seven years.

Also, in reviewing the City’s “Authorized Signor” form, the City Auditor found that the verbiage does not indicate that a Department Head has been granted managerial authority over their department, in order to assign departmental authorization rights; nor does it automatically name a Department Head as an authorized signor. As a result, 26 (or 90%) of the Department heads were not specifically named as actual Authorized Signors for their Department.

Inventory Reporting:

While performing the voucher testing above, the City Auditor requested copies of departmental inventory sheets as supporting documentation that proper inventory records were being prepared and maintained by individual city departments within a timely fashion.

Those items selected for inventory testing were acknowledged as meeting the City of Syracuse’s Purchasing Procedure Manual criteria. As quoted directly from the City of Syracuse Purchasing Procedure Manual:

“All new acquisitions and changes to current property must be reported to the Purchasing Department for update to the city-wide Fixed Asset Inventory System. All equipment of significant values (over \$100) which are of a long-term character and which are intended for continued use must be inventoried.”

Of the 109 claim vouchers selected for the voucher testing above; 19 (or 17%) qualified for inventory testing, resulting in 108 individual inventory records requested to be submitted to and reviewed by the Audit Department. The departments &/or divisions selected for inventory testing include the Departments of Finance, (DPW) Public Works, Engineering, Police, Aviation, and Water.

Of the 108 inventory records under review; 53 records (or 49%) were received while 55 records were not; resulting in 51% of the inventory records under review, as missing and considered not properly being prepared and maintained by the individual departments, as indicated below:

<u>Inv Records</u>	<u>Finance</u>	<u>DPW</u>	<u>Engineering</u>	<u>Fire</u>	<u>Police</u>	<u>SHIA</u>	<u>Water</u>	<u>Combined Totals</u>
Requested	1	2	21	7	62	9	6	108
Received	1	1	19	0	32	0	0	53
Missing	0	1	2	7	30	9	6	55
% Received	100%	50%	90%	0%	52%	0%	0%	49%
% Missing	0%	50%	10%	100%	48%	100%	100%	51%

After reviewing the 108 inventory records received, the Office of the City Auditor looked up each inventory number in the city-wide Fixed Asset Inventory System, in an effort to determine if inventory records were being prepared and submitted to, as well as recorded by, the Purchasing Department in a timely fashion. Unfortunately, only 43 (or 40%) of the records selected for testing were found in the city-wide Fixed Asset Inventory System; resulting in 65 (or 60%) of the inventory records reviewed as not being recorded in a timely fashion.

Lastly, the City Auditor also discovered that 80% of the items reviewed for inventory purposes were not being prepared and/or submitted on the proper City wide inventory form, while 77% of the items were not assigned the proper cost basis, as calculated and defined by Generally Accepted Accounting Principals.

Budget Book Reporting:

When the City Auditor performed a comparison of the finalized year end figures for fiscal year 2006-2007 using the City of Syracuse ACS Accounting System, compared to the actual 2006-2007 expenditure figures published in the 2008/2009 authorized budget book; it was discovered that all City departments successfully reconciled back to the issued authorized budget book, which is considered an improvement over last year’s audit report finding.

However, just as last year, five cases were discovered where accounts are being shown as one single account in the Budget Book and then divided into two separate accounts in the general ledger. This is inconsistent as to how the other accounts are handled. The departments where these discrepancies were found are: The Common Council, Police Department Uniform Bureau, Police Department General Services Bureau, Fire Department Main/Uniform Bureau and the Fire Prevention Bureau.

Finally, last year, several expenditures were found to be improperly reported in a closed General Ledger Account; but no errors of this type were found during the current Comprehensive Audit testing, which is, considered an improvement over last year's audit report finding.

Centralized Transaction Reporting:

During the reconciliation of financial transactions the City Auditor noted that certain departments do not report on the centralized City ACS accounting software system. The Office of the City Auditor found that the general ledgers from the various accounting software systems did not, in many cases, reconcile to the main City of Syracuse accounting system. This required the Office of the City Auditor to request additional information from those departments.

The main concern with this objective was that efforts to compare the actual expenditure figures per the Aviation Department's Solomon accounting system, to the finalized expenditure figures for fiscal year 2006-2007, in the City of Syracuse's ACS accounting system, is unintentionally complicated. The fact that there are multiple accounting systems being utilized throughout the city creates a challenging environment for efficient city management.

Controls Over Police Department Safety Deposit Boxes:

During the course of field work for the Comprehensive Audit for fiscal year 2006/2007, it was discovered that the Syracuse Police Department utilizes approximately eight Safety Deposit Boxes for the purpose of securing police evidence, mostly in the form of cash, while a case progresses through the legal system.

Upon this discovery, the City Auditor requested the Police Department to supply copies of their policies and procedures regarding the establishment, use, and cancellation of said safety deposit boxes; internal controls over the retention of evidence, access to the safety deposit boxes; and how it's determined that a safety deposit box is required, compared to using the Police department safe or evidence room.

Conversations with staff from within both the Syracuse Police Department and the Department of Finance produced similar perspectives on the following issues discussed during the gathering of information. For example, the Office of the City Auditor was informed that the Chief of Police determines when to add or remove safety deposit boxes from those already in use and then advises the Commissioner of Finance about the details of his decision, after the fact. It is the opinion of both departments that the boxes do not represent "accounts", in the traditional definition of the world. Both departments expressed that the boxes serve the purpose of securing evidence that in time might become the City's property. However at the same time recognizing that a future court decision might determine that the evidence should be returned to the individual(s) from whom the Police Department obtained it. Both departments saw the boxes as a preferred instrument for securing specific evidence that the court might require to be produced in the exact form in which it was obtained.

A review of the City’s Charter and New York State General Municipal Law; did not produce any specific reference to the topic of a government entity renting safety deposit boxes. The Office of the City Auditor spoke with individuals in the banking industry, a Certified Government Financial Manager (CGFM), the City’s External Auditors, and staff from the Office of the State Comptroller office, to ascertain the appropriateness of the Chief of Police entering into contractual arrangements with local banks, independent of the Commissioner of Finance. After speaking with the above professionals, it was officially confirmed that it is not only reasonable, but standard practice, to request written internal control procedures over such financial instruments as cash and safety deposit boxes. Lastly, the majority of agencies contacted supported the position that while a safety deposit box may not, in the strictest sense, be categorized as an “account”, it is however a banking service that should be over seen by the Commissioner of Finance.

Findings & Recommendations:

Finding I (a-d): Failure of City Department to respond to the City Auditor

While performing the annual examination of expenditures of each city department, as required by the City of Syracuse Charter, the failure of various departments to respond, or at least respond in a timely fashion, to numerous requests to complete and return the comprehensive audit questionnaires, budget variance questions, supporting inventory records, and various internal control procedures, resulted in an external impairment to the independence of the Office of the City Auditor.

In the Government Auditing Standards, per the Comptroller General of the United States, generally accepted auditing standards for field work is as follows: “A sufficient understanding of the organization under audit and its internal controls is to be obtained to plan the audit and to determine the nature, timing and extent of tests to be performed”. When departments fail to respond to the City Auditor’s inquiries there is a drastic impact on the amount, type and level of testing to be performed, which directly affects the over all production of both city departments.

In compliance with US Government Auditing Standard, Chapter 3, Section 10d of the GAO-07-162G, per the Comptroller General of the United States, issued by the US General Accounting Office, the City of Syracuse Auditor is required to report any impairments that arose during the course of an audit, as follows:

Finding I (a): The failure of various Departments to respond in a timely fashion to the comprehensive audit questionnaires sent out to establish a baseline and general understanding of departmental policies, procedures and internal controls, resulted in an external impairment to the independence of the Office of the City Auditor. To date, the Parks and Recreation Department still has not completed and returned the City Auditor’s comprehensive audit questionnaire.

Finding I (b): The failure of various Departments to respond in a timely fashion to budget variance questions sent out by the City Auditor in order to gain a general understanding of what was originally budgeted compared to what was actually spent, resulted in an external impairment to the independence of the Office of the City Auditor, as the Community Development, Police, and Research Departments did not responded to the City Auditor’s request in a timely manner.

Finding I (c): The failure of various Departments to respond in a timely fashion to the City Auditor's request for supporting inventory documentation resulted in an external impairment to the independence of the Office of the City Auditor. To date the Departments of Aviation and Fire have either not responded or did not respond in a timely manner, to the City Auditor's request for supporting inventory documentation.

Finding I (d): The failure of various Departments to respond to the City Auditor's request for various written policies, procedures, and internal controls over safety deposit boxes resulted in an external impairment to the independence of the Office of the City Auditor. To date, the Syracuse Police Department still has yet to comply with the City Auditor's request for internal control documentation over departmental safety deposit boxes.

Finding II (a-e): Voucher Testing

While performing the claim voucher testing above the City Auditor discovered the following:

Finding II (a): Of the items found to have fiscal year posting issues, 20% had services rendered in the prior fiscal year, 05/06, but were processed and paid using an effective date in the following fiscal year; resulting in 05/06 expenditures being recorded as 06/07 fiscal year expenditures.

In addition, 80% of the claims found to have fiscal year posting issues were posted to the general ledger using the prior fiscal year end effective date of 06/30/06, while the date the claims were actually processed and filed fell into the next fiscal year beginning 07/01/06. As a result, the City Auditor discovered that the Finance Department has been filing claims by the transaction processing date, of 07/01/06 and beyond, instead of the fiscal year end effective date, of 06/30/06. Consequently, year end claims were very difficult to locate as they were not being filed with the correct fiscal year.

Recommendation II (a): Each department needs to pay closer attention to fiscal year end cut off procedures, in order to ensure expenditures are being posted to the correct fiscal period. In addition, the Finance Department may want to consider keeping open encumbrances available well into September; instead of shutting them down at the end of August, as the city can not control when vendors mail out invoices. In addition, the finance department should reconsider it's year end filing procedures, to ensure that payment requests are actually filed with the proper fiscal year, and it's corresponding documentation.

Finding II (b): Of the items found to have vendor information issues, 43% appeared to have either incorrect vendor names, addresses, and/or miscellaneous contact information on file. However, further research revealed that those who prepare payment vouchers do not have the ability to view all of the detailed vendor information screens being maintained. As a result, it is very difficult to verify and maintain current and accurate information on a vendor's corporate address, remittent address, phone, fax and other miscellaneous contact information. In addition, 57% of the items consisted of minor errors where no remittance address was indicated on the

straight claim because payments were either flagged for departmental pick up or payable to Urban Renewal.

Recommendation II (b): At this time, the City Auditor would like to recommend that full vendor review screens be made available to everyone who prepares payments, in order to verify mailing, remittance, and other vendor contact information prior to submitting and processing payment requests. In addition, it is also recommended that standard vendor information update forms be prepared and submitted to the Finance Department, so vendor update requests can be documented, processed, and filed.

Finding II (c): Of the items found to have authorization issues, 50% were approved for payment by a departmental employee considered, by the City Auditor to have a conflict of interest as an authorized signor, 7% consisted of journal entries prepared and processed by the Department of Finance without notification, review, or authorization from the impacted departments, and the remaining 43% consisted of minor inconsistencies such as no authorized signor title and/or payment authorization date being indicated on the claim voucher.

Recommendation II (c): A review of departmental authorized signors should be made and any individuals considered to have a conflict of interest should be replaced by an individual who is completely removed from the purchasing process. (Please refer to Finding V (below) for more detailed information on this topic.

To promote better fiscal management on a departmental level, the City Auditor recommends that copies of all claim vouchers, straight claims, and journal entries prepared by one department but impacting the budget of another; be photo copied and forwarded, by the individual preparing the payment request, to the department whose budget is being impacted. From there forwarding information such as: department, contact name and date forwarded; should be written on the payment request to notify the Finance Department that payment copies have properly been forwarded to the impacted departments.

Finding II (d): Of the items found to have payment discrepancies, none of which were considered material, 30% resulted from undocumented change orders of 10% or more and 50% did not have any supporting documentation or invoices attached to verify the actual expenditure amount.

However, the remaining 20% of discrepancies found did not reconcile back to the vendor invoice, but back to the department's own accounting records. The problem with paying off of City records instead of vendor invoices is the risk of misapplied payments, as vendors don't know which invoices to apply payment against.

Recommendation II (d): In situations where a department is paying off of city records, rather than vendor invoices, the City Auditor recommends preparing a payment reconciliation detailing the differences between vendor invoices and city records. Then this payment reconciliation should be attached to the claim voucher

and forwarded on to the vendor along with the City's payment to ensure that the payment is properly applied.

Finding II (e): Of the items found to have supporting documentation issues, the City Auditor was most concerned with processing original, complete and accurate invoices, supporting documentation, and inventory records. Several instances were discovered where journal entries, inventory records and lease payments were processed without any supporting documentation, copies of authorizing ordinances or notes indicating where the supporting documentation can be found, while other claim vouchers did not have accurate or complete invoices attached in order to verify the requested payment amount.

In addition, the City Auditor also discovered an increasing amount of faxed and photocopied invoices, being submitted with claim vouchers as supporting documentation. Unfortunately this practice is resulting in an increased amount of duplicate payments being processed, which unnecessarily increases the work load of every department and individual involved in the payment process.

Recommendation II (e): At this time the City Auditor recommends attaching original invoices, authorizing ordinances, completed inventory forms, accurate cost basis calculations, and finally written notes on the claim voucher identifying annual purchase orders, inventorial items, prepayments requests, and where to find supporting documentation if it was not attached.

As for those payment requests that don't have accurate or complete invoices, the City Auditor recommends the requesting department prepare and attach a payment reconciliation identifying how the payments should be applied.

Finally, standard accounting practices dictate that original invoices be used as supporting payment documentation in order to reduce the risk of duplicate payments, as well as to validate the authenticity of the amount owed. Although the City does follow a similar policy of requiring original documentation, there are exceptions where a faxed or photocopied invoice is considered acceptable. As a result, the City Auditor recommends that the Finance Department document the types of situations where a fax, photocopy, or e-mail is considered acceptable, and then hold regular city wide accounts payable meetings to clarify and discuss various documentation and payment issues facing the Finance Department.

Finding III (a-b): Service Contract - without prior Common Council Approval

During the course of voucher testing, above, the Office of the City Auditor selected and tested an annual straight claim payment made payable to P.E.A.C.E Inc., in the amount of \$76,000. It was discovered that this invoice was representative of professional services rendered to City tax payers from July 1, 2005 – June 30, 2006, of the prior fiscal year.

After further research, it was discovered that P.E.A.C.E Inc. has consistently billed the City of Syracuse, in the current fiscal year, for previous fiscal year services and has not been in a valid

contract with the city for these services for over 15 years. As a result of the invoices being submitted and paid in the wrong fiscal year, the following two sub-findings resulted:

Finding III (a): The City of Syracuse was paying for services to an outside agency without a pre-approved contract authorized by Common Council Ordinance. The last contract between P.E.A.C.E and the City of Syracuse was found to be dated in 1990.

Recommendation III (a): The Common Council should never agree to pay for services without an existing contract in place, as has done on occasion in the past. Per General municipal law, all service contracts must be authorized by the governing legislative body, in this case the Common Council, prior to services being rendered. Any costs incurred prior to the authorized contract date are not eligible for payment as they are considered unauthorized expenditures. In addition, common sense dictates that the Common Council would want to be in a position to proactively approve or deny a contract, rather than being left in the position of approving payments for unauthorized contract expenditures.

As a result, the City Auditor recommends that a review of annual service contracts be conducted annually, by the City, to ensure all annual service contracts are active, being renewed in a timely manner, and submitted for Common Council approval prior to expenditures being incurred.

Finding III (b): Despite the fact that the City is on an accrual based accounting system, the City failed to accrue, or encumber, for this annual expense. As a result, the City of Syracuse has repeatedly posted this annual expenditure to the wrong fiscal year.

Recommendation III (b): The City of Syracuse should pay P.E.A.C.E for two-years of services in the next fiscal year, so that going forward payments can be processed and posted to the proper fiscal year.

Subsequent Event III: When the City Auditor and the Director of Management and Budget discussed this finding, the Director stated that the annual service contracts will now be reviewed annual by Budget Department staff. In addition, the Director of Management and Budget stated that he would recommend to the Council, in 2008, to double up on this expenditure to P.E.A.C.E., so that future payments can be processed and posted in the proper fiscal year.

Finding IV: Lack of Supporting Journal Entry Documentation - DPW

While selecting claims for voucher testing, the Office of City Auditor also selected and reviewed random journal entries, in accordance with the Audit Plan. While reviewing journal entries prepared by DPW, the Office of the City Auditor found that detailed supporting documentation was not being attached to the journal entries, when submitted for processing. As a result, it was not possible to accurately recalculate and verify the journal entry amounts, as there was no supporting documentation attached to the Journal Entry.

As a result, DPW was asked to supply copies of the supporting documentation used to calculate the journal entry amounts and to supply a description of the type and purpose of each journal entry, the DPW Administrative Officer, in charge of the departmental accounting functions, was unable to comply with our request. The Administrative Officer cited that the employee who prepared those journal entries no longer works for the department, copies of the journal entries and their supporting documentation could not be found, and the remaining DPW staff was not up to speed on all of the previous individual's job duties and procedures. The result is that the Office of the City Auditor was unable to determine if the proper labor costs were designated to the correct Divisions.

Recommendation IV: DPW should address the immediate situation which is that Journal Entries properly allocate labor costs to appropriate divisions are made in a timely fashion with supporting documentation. Additionally, DPW should review staffing to ensure that staff are aware of what Journal Entries need to be made, why they need to be made, when they need to be made and how to make those entries.

Finding V (a-b): Authorized Signor Forms

In order for the various departments of local government to function effectively, various department and sub-departments require, by necessity, individuals to be empowered to authorize purchases, payments, journal entries, etal. The authority to execute these duties lies with the Executive branch, thus, only the Mayor, as the CEO, has the power to delegate signature authority to Department heads. Then through the use of the city's internal "Departmental Authorization Signature Form", said Department heads can delegate their signature authority to include Deputy Commissioners, Supervisors and/or their equivalent.

Finding V (a): When the Office of the City Auditor reviewed each "Departmental Authorized Signor Form" three (3) departments were found to have an authorized signor who the City Auditor feels has conflict of interest. Such conflict of interest results when the individual who oversees the accounting functions is also authorized to approve purchases, payments, and journal entries; as those functions should ideally be segregated. Five (5) departments were found to have previous City employees still listed as authorized signors and forty-one per cent (41%) of the Authorized Signor Forms reviewed had not been updated in more than seven (7) years, resulting in stale information on the forms.

In reviewing the Authorized Signature forms, the Office of the City Auditor found that the verbiage on the forms do not indicate that the Mayor has granted a department head managerial and signature authority over their respective department(s). Nor does the form automatically name a department head as an authorized signor. As a result, twenty-six (26) or ninety percent (90%) of the department heads were not officially designated as actual authorized signors.

Recommendation V (a): Update the Authorized Signor forms sworn statement section, with the following: "By signing below, I acknowledge that I have been assigned managerial authority over the above named City department(s) by the Mayor, of the City of Syracuse. In an effort to seamlessly continue operations, I _____, the Mayor of the City of Syracuse am assigning the following individual(s) signature authority to approve departmental purchases, payments, and journal entries."

Finding V (b): Currently Finance Department procedure to remove an authorized signor has consisted of a verbal notification to draw a manual line through the name of the individual on the form who is being removed. Unfortunately, this procedure does not document the effective date of the change nor the individual who has requested and authorized the signor to be removed.

Recommendation V (b): The Finance Department should document and distribute official authorized signor procedures to clearly indicate how to add, change & remove an authorized signor(s). The most important is to require all change requests to be documented in writing, by submitting an updated “Departmental Authorization Signor Form” clearly indicating the effective date of the change, signed by the current Department Head, who recertifies that they have been grant managerial authority, by the Mayor, over the Department and its authorized signors.

Finding VI (a-e): Inventory Reporting

As the City Auditor pulled and reviewed claim vouchers, it became apparent that numerous records were missing from the city-wide Fixed Asset Inventory System. This resulted in the following Findings:

Finding VI (a): Of the 108 inventory records under review; 65 (or 60%) of the records did not appear to be prepared or submitted to the Purchase Department in a timely fashion; as indicated by the lack of inventory records received, per written communication from the departments, and through use of incorrect inventory forms missing pertinent information such as effective date and cost basis.

Finding VI (b): The Department of Public Works maintains their own off line inventory sub-system and does not submit inventory records to the Purchasing Department as required in the City’s “Purchasing Procedures Manual”.

Recommendation VI (b): All departments should not only track inventory within their own department, but should also be supplying photocopies of said inventory records to Purchasing, and Bureau of Accounts for items over \$5,000, so each items can be recorded in the City’s computerized Fixed Asset Inventory system.

Subsequent Event VI (b): Per conversation with DPW’s Administrative Officer; since receiving last years Comprehensive Audit Report inventory findings, for fiscal year 05/06, the Department of Public Works conducted a physical inventory of assets in an effort to identify, account, and record all possible unrecorded inventorial items, as well as to remove any recorded items that have subsequently been disposed of. Although the Purchasing department has confirmed receipt of voluminous inventory update forms from DPW, the Purchasing Department has had difficulty getting their fixed asset inventory system up to date as a result of being understaffed for the last six years.

Finding VI (c): The Parks Department has not routinely submitted inventory records to the Purchasing Department in several years; of which the City’s external

auditor's confirmed that inventory record keeping has been a continued issue for the Park's Department as well as various other departments.

Recommendation VI (c): All City departments should double check to make sure they are in possession the most recent copy of the City's "Purchasing Manual" to ensure they are following the city most current inventory procedures.

Each department should have a trained experienced accountant review all purchase requisitions and expenditure payment requests to ensure all eligible inventorial assets are properly identified, inventory sheets are being prepared, proper cost basis is being calculated and the City's Fixed Asset Inventory System is actually been updated.

In addition, it is strongly recommended that the Commissioner of Finance or his designee hold annual inventory training and review sessions, to ensure consistent application of the city's inventory procedures.

Finding VI (d): The Purchasing Department has had continued difficulty keeping the City-wide Fixed Asset Inventory System up to date. Part of this issue lies in the fact that Purchasing has been under-staffed for the last six years.

The City Auditor notes that the Administration may want to review staffing levels within the Purchase Department to avert any possible long term consequences from being understaffed.

Finding VI (e): Both the Fire and Police Departments appear to be improperly recording inventory, by either directly expensing or combining various equipment costs, such as portable laptops and chain saws, with the cost basis of the vehicle the equipment is being housed. The problem with this procedure is when the portable assets are removed from the vehicles, as there is no longer any way to identify and/or track the asset, as there is no individual record identifying the assets existence.

Recommendation VI (e): Each purchase requisition request should be reviewed by a trained experienced departmental accountant in order to properly identify which items need to be inventoried. Then, when the requisition request is input into the purchasing system, the resulting purchase order will already identify which items need to be inventoried and at what cost basis it should be recorded at.

Once the items are received, the purchase order should go back to the departmental accountant for final payment and inventory review. At this point inventory records should be prepared, reviewed and recorded with photocopies being forwarded to the Purchasing Department for computer entry into the fixed asset inventory system.

Finding VII: Inconsistency from Budget Book to General Ledger

When the City Auditor performed a comparison of the year end figures for fiscal year 2006-2007 using the City of Syracuse ACS Accounting System compared to the actual 2006-2007 expenditure figures, as published in the 2008/2009 authorized budget book. It was discovered that only one department did not reconcile back to the issued authorized budget book.

In addition, five cases were discovered where accounts are shown as a single account in the Budget Book and then divided into two separate accounts in the general ledger. This is inconsistent as to how the other accounts are handled. The departments where these discrepancies were found are: The Common Council, Police Department Uniform Bureau and General Services Bureau, Fire Department Main Fire Bureau and Fire Prevention Bureau.

Recommendation VII: Consistency in reporting is needed. The Budget Department should reconcile the budget back to the ACS accounting system. The Aviation Department's budget to actual variance was just over five million dollars as a result of not properly recording the Aviation Department's re-imbursements back to the general fund and other various departments.

It is further recommended that the accounts in question should be completely combined or completely separated in the Budget Book and general ledger. This will reduce any errors in entering the budget figures, improve conformity and represent the data in the Budget Book in a more accurate manner for its users.

Management Comment VII: When questioned, management stated that the items were left out because they were either immaterial or that there were typographical errors in the Budget Book.

The City of Syracuse Budget Department stated that the Department of Aviation discrepancies arise due to the separate accounting systems used by Aviation versus the City of Syracuse. In addition, the Bureau of Accounts records receipt of funds from the Department of Aviation and not the Airport's expense side of the transaction. Therefore, the ACS system only reflects the deposit of money and "less-lines." The Department of Budget stated they have met with the Finance Department to determine if the accounting could be revised to avoid this issue.

Finding VIII: Incorrect Reporting in Deleted Account

When the City Auditor performed a comparison of the year end figures for last fiscal year, 2005-2006, several expenditures were found to be improperly recorded in General Ledger Account Number 01.51820, DPW Division of Street Lighting. Although these errors were considered immaterial in amount, internal control procedures should be designed and implemented to prevent expenditures from being posted against a closed general ledger account.

Recommendation VIII: Due diligence should be used upon the deletion of a general ledger account. Periodically the Finance Department and the Office of Management and Budget should provide all operating departments with a list of proposed accounts being considered for deletion from the accounting system. This would give each department an opportunity to voice any issues, questions, or concerns they may have regarding any of the proposed accounts, to ensure future expenditures are properly posted to the correct accounts, going forward.

Finding IX: Offline Accounting Systems

As previously reported, in the 2004-2005 and the 2005-2006 audit reports, the City of Syracuse has three (3) large departments operating outside of the core accounting system used by the City. Those departments consist of Aviation, Community Development and the Syracuse City School District. In addition, as confirmed by the Director of Information Systems, many city departments heavily rely on various fragmented sub-systems consisting of manual logs, excel spreadsheets, and independent software packages to track various City related information.

As a result the administration can not effectively access or monitor all fiscal developments within various City departments. This could create an increased risk to the City of Syracuse, which is ultimately responsible for those departments; especially in situations of bonding and reporting finances to external sources.

Recommendation IX: The City should combine all finances under one centralized accounting system that is accessible to the Administration; specifically the Department of Management and Budget and the Department of Finance.

The Office of the City Auditor is aware of the challenges cited by the Department of Aviation and the Syracuse City School District (SCSD) in combining their accounting systems with the City. Reasons cited by these departments for having separate accounting systems include Federal and State mandated reporting requirements which make the City's ACS accounting system prohibitive. However, this challenge can be overcome with the new accounting systems that are currently available on the market, which would allow the City to operate under one system.

The City Auditor would like to note that the SCSD went ahead, independently of the rest of the City, and purchased a new accounting system at the end of fiscal year 2006/2007. This new accounting system carries an estimated purchase and installation price of four million dollars (\$4,000,000.00).

The City Auditor is concerned that any department, or financially dependent subsection, would act independently of the entire city especially when working together and combining resources give the city the best chance of success with the least cost .

Subsequent Event IX - In fiscal year 2006/2007 the SCSD purchased a new accounting software system, called "Oracle's Peoplesoft". The installation and conversion of the software was to take three (3) years. The beginning of the estimated three (3) year installation process was to have started during the fiscal year 2007/2008.

However, it took the SCSD almost a year to get the RFP issued. Due to the delay in the RFP process, the installation and conversion three year process is estimated to begin in fiscal year 2008/2009.

The City is now working with Onondaga County's new CIO, as the County is also researching the "Oracle's Peoplesoft" system. At this time the County has received a better discount than the SCSD and the County is working toward securing a "Shared Service" grant from NY state that would give \$200,000 to each of the Counties' city's, towns and villages that participate in this proposed software conversion. The grant

money is currently estimated to be about \$4 million, leaving an additional \$1.5 million that will need to be raised in order to implement this proposed City and County wide software conversion.

Due to the SCSD fiscal stresses compounded by the economic outlook, the SCSD should always look into joining fiscal forces with any and all municipal entities to lesson expenses; just as the city and county are currently reviewing with relation to this specific matter.

Finding X: Controls over Police Department Safety Deposit Boxes

After discovering the Police Department safety deposit boxes, the City Auditor conducted conversations with several individuals in the banking industry, a Certified Government Financial Manager (CGFM), the City's External Auditors, and the Office of the State Comptroller, and confirmed that the accepted process for securing safety deposit boxes is to officially enter into a contract with the bank, supply a copy of the entity's authorizing charter, completed signature cards, and list all parties authorized to open, close, and access the safety deposit boxes. Such externally independent confirmation further supports the conclusion that the Commissioner of Finance is the only appropriate official authorized to initiate contractual banking arrangements, per City Charter specifications. The fact that the Commissioner of Finance was made aware of the actions taken by another department head, in this case the Chief of Police, to enter into a new banking agreement is simply not an adequate or acceptable situation.

The State Comptroller's Office makes the case that the moneys held in the safety deposit boxes equates to funds held in Trust and Agency, thus in the event that something were to happen to the moneys held in the boxes, the City potentially has the obligation of replacing the funds. Lastly, the City's entry into a contractual arrangement for safety deposit boxes still requires the Purchase Department to shop vendors and obtain competitive price quotes; not to mention the Commissioner of Finance's involvement and authorization to enter into an agreement with a specific bank, which in this case was not done.

The Office of the City Auditor has contacted the Syracuse Chief of Police in writing to request a copy of the department's internal control procedures over safety deposit boxes, per Memo dated September 10, 2008, as well as speaking with the Inspector assigned the task of supplying the information requested. The Office of the City Auditor made repeated follow-up calls to the Inspector's office and left messages requesting a return telephone call, in an attempt to learn more about the internal controls applied to this situation.

In spite of the City Auditor's repeated efforts to obtain additional information pertaining to the safety deposit box rentals, the Police Department has been non-responsive and has impeded the examination of this matter. As of November 20, 2008, no reply has been provided to the Office of the City Auditor.

Recommendation X: From this point forward, all arrangements for the rental of safety deposit boxes should be centralized with the Commissioner of Finance. Should the Commissioner choose to delegate such authority to someone to serve as his designee, this action should be done with the provision of a written document conferring this designation. The fact that the verified process for entering into an agreement with a bank for securing safety deposit boxes is to formally enter into a contract and fill out signature

cards listing all parties authorized to access the safety deposit boxes, further support the conclusion that the Commissioner of Finance is the appropriate and only official authorized to initiate these contractual arrangements, as confirmed by City Charter specifications. The action of making the Commissioner of Finance aware of the actions undertaken by another department head, in this case the Police Chief, to enter into such arrangements on his own is simply not a desirable situation nor is it considered adequate standard practice.

To date, the bank holding these safety deposit boxes currently does not have an authorization on file from the Commissioner of Finance delegating permission to the Chief of Police to open said safety deposit boxes. However, the Commissioner of Finance should continue to be kept informed of each additional safety deposit box rented and the surrender of each box should be initiated exclusively by the Commissioner when it has been reported back to him that the box is no longer needed.

The Commissioner of Finance should also be provided with the names of the individuals who have access to each of the boxes, details on how the safety deposit keys are secured, and a copy of the policy in place to ensure that the internal controls meet the standards expected by the Commissioner given his ultimate responsibilities.

Finding XI (a-b): Special Objects of Expense and Closed CIP Account Transfers

In preparation for the Annual Comprehensive Audit, the Office of the City Auditor performed a Budget to Actual comparison on the Special Objects of Expense accounts. Although the Special Objects of Expense accounts were specifically excluded from the Comprehensive Audit, the Office of the City Auditor had to review these accounts in order to reconcile all the general fund expenditures.

While performing this comparison, the Office of the City Auditor attempted to trace the debit side of the budget transfer to Debt Service to verify which closed Capital Improvement Program (CIP) accounts the funds had come from in order to determine if the funds were dispensed appropriately.

Finding XI (a): Both the midyear and year end budget transfers ultimately result in the movement of excess funds from the Special Objects of Expense accounts into the various operating departments who are experiencing a budget deficit. By reallocating Special Objects of Expense dollars in this manner, the City was able to cover the expenditures in the General Fund that are for the purpose of this audit referred to as a General Fund “shortfall”.

As the City Auditor noted, when the distribution of the Special Objects of Expense accounts are lumped together within the General Fund Midyear Transfer; it become extraordinarily difficult, to the City Auditor was unable to determine where all the Special Objects of Expense funds were reallocated to.

Recommendation XI (a): The City Auditor suggests it would seem appropriate for a separate Special Object of Expense budget transfer to be prepared and individually processed, as it is felt a fuller more readily understandable accounting sequence would

benefit the Administration and the Common Council by creating more transparency for better tracking of actual costs.

Finding XI (b): When the City Auditor reviewed the 26 CIP accounts closed during fiscal year 06/07; for final payments, balance transfers and journal entries, the City Auditor found a total of twenty one (21) correcting journal entries processed, as follows:

<u>Closed CIP Correcting Journal Entries</u>	<u>DPW</u>	<u>Engineering</u>	<u>Parks</u>	<u>Police</u>	<u>Combined Total</u>	<u>% of Total</u>
To record expenditure reimbursement (without supporting documentation)	7				7	33%
To correct over spending		1	2	1	4	19%
To record Non-CIP related Exp's		3			3	14%
To reclassify Consultant fees		3			3	14%
To close out CIP Account	1		1		2	10%
To reallocate exp. to the correct CIP			1		1	5%
To adjust retainage account		1			1	5%
Total Journal Entries Noted	8	8	4	1	21	100%

Recommendation XI (b): The Office of the City Auditor strongly recommends that proper detailed supporting documentation, be attached to all journal entries when submitted for processing. This would include various labor reports, reconciling back to employee time sheets, and copies of paid purchase orders and straight claims vouchers for the acquisition any and all material costs.

In addition it is also felt that it is ultimately the Finance Department Bureau of Accounts responsibility to review and reconcile each and every journal entry for accuracy, which can not be done without the proper supporting documentation. In addition, it should be noted that those preparing departmental journal entries are not necessarily educated experienced accountants, in which case standard separation of duty and review procedures should be applied to ensure accuracy.

Best Practice Recommendation:

The City Auditor investigated the back up systems providing security to the Airport and Community Development offline accounting systems. Best practice recommendations suggest careful planning to provide ongoing operation under emergency conditions including having backup capability and accessibility to allow for uninterrupted continuation of all services.

The City Auditor recommends that the City of Syracuse develop a comprehensive city-wide disaster recovery plan. This plan should address any issues related to the offline accounting systems being backed up adequately and should anticipate emergency conditions that could disrupt City services and functions.

The City Auditor strongly feels that the Common Council's recent rejection (October 2008) of a proposal by the Administration to purchase a generator for City Hall was short sighted. City Hall should have a back up system as many operations during emergency situations are ultimately run

out of City Hall. In addition, the main computer hub that serves as the computer linkage between the various city servers (Aviation, DPW, Fire, Parks, & Police) is located in City Hall and is dependant on City Halls power being continually maintained. Lastly, common sense dictates that the computer system housed in City Hall should be kept operational in an emergency environment regardless of where the actual command post is located.

Lastly, the Mayor and Common Council should re-evaluate the need of addressing the issue of purchasing and installing a generator in City Hall, as a power outage would disrupt all computer server connections, internet service, e-mail communications, purchasing and accounting functions, and all server saved documents would be inaccessible.

Auditors Note:

In the course of performing the Comprehensive Audit for FY 2006/2007, it came to the attention of the City Auditor that a number of departments are lacking supervisory level accounting staff with the prerequisite accounting experience, educational credentials, knowledge and familiarity with generally accepted accounting principals (GAAP).

After further research, the City Auditor found that these individuals usually were promoted into a supervisory level position as a reward for many years of service. As a result, these individuals usually do not have a formal educational background or relevant experience in accounting, and many times do not even qualify to sit for the appropriate supervisory level Civil Service exam. Instead, these individuals are assigned a bevy of non-accounting titles such as Administrative Officer, Administrative Assistant, Program Analyst, Project Manager and even Fire or Police Sergeant.

As a result, it is the recommendation of the City Auditor that management undertakes a comprehensive review of its accounting titles and staff, to create more consistent job descriptions, assignments, and titles throughout all City Departments and to ensure that critical accounting tasks are executed with minimal errors.

Philip J. LaTessa, City Auditor
Office of the City Auditor

November 21, 2008