

TO: THE COMMON COUNCIL

DATE: August 27, 2008

FROM: THE DEPARTMENT OF
AUDIT & CONTROL

SUBJECT: Audit Report –
Mayor's Impact Team
Item No. 123, CCP, 4/29/08

We have performed an audit of the Mayor's Impact Team ("Impact Team") as requested by the Common Council and present herewith our findings. We present here our recommendations, as well as other such findings as we believe are appropriate.

Our examination was made in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and Standards for the Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors, and included such procedures as we considered necessary under the circumstances.

This audit came about as a result of news story that exposed irregularities in the Impact Team's operations. Our initial assessment revealed many internal control deficiencies. Though the audit will explain the deficiencies, it should be noted for the record that the Impact Team, operating under the Division of Citizen Services, has already taken many corrective steps. The sign-in process has been tightened, with stronger supervision from City Hall. Controls over vehicles and equipment have been improved and access to fuel keys has been further restricted.

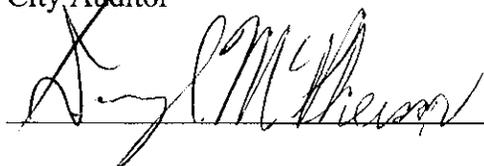
The Mayor and Citizen Services have done much to clean up the Impact Team and their swift action should be commended.

If you have any further questions on this matter, please feel free to contact the Department of Audit and Control.

DEPARTMENT HEAD: Darryl McPherson

TITLE: City Auditor

SIGNATURE:



CITY OF BUFFALO
DEPARTMENT OF AUDIT & CONTROL

AUDIT REPORT ON THE MAYOR'S IMPACT TEAM

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AUGUST 2008

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August 27, 2008

The Honorable Common Council Of the City of Buffalo

We have performed an examination of the general performance levels of the Mayor's Impact Team personnel along with the records of power equipment inventory and gasoline usage and control of said equipment. We present herewith our summary of these findings.

Our examination was made in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and Standards for the Professional Practice of Internal Auditing, as promulgated 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. An audit also includes assessments of applicable internal control and compliance with requirements of law and regulations when necessary to satisfy audit objectives.

The management of the City of Buffalo is responsible for safeguarding the City's assets and 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.

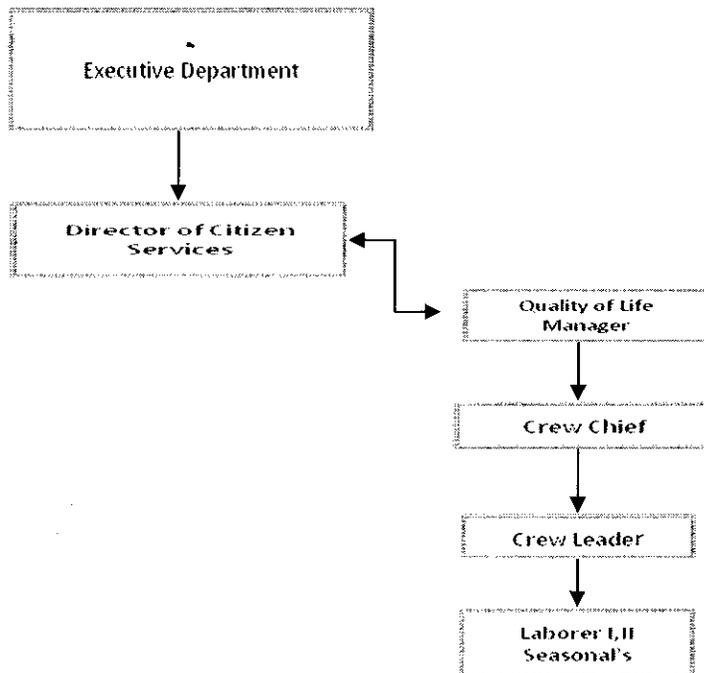
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BACKGROUND

The Mayor's Impact Team ("Impact Team"), one of the City of Buffalo's Quick Response Teams, is a subdivision of Citizen Services, which is a division of the Executive Department. It is managed by the Quality of Life Manager who reports directly to the Director of Citizen Services.

The Impact Team is dispatched as first responders to quality of life issues identified throughout the city. According to statistics provided by Citizen Services, the Impact Team performs various types of cleanup projects, including projects pertaining to property, special events, streets, vacant lots, and viaducts. The Impact Team also assists in snow removal, graffiti removal, and serving of orders to vacate for the City's Housing Court.

Currently the Impact Team is staffed with eleven (11) positions, a Building Inspector, Maintenance Assistant Sewer Cleaner, a Laborer I, three Laborer II and five Seasonal Laborers, one of which is vacant. They include employees of the Department of Public Works, Parks and Streets, with the exception of the Building Inspector, who is from the Department of Economic Development, Permit and Inspection Services, and the Maintenance Assistant Sewer Cleaner who is from the Buffalo Sewer Authority. The Crew Chief is a seasonal laborer, while the Crew Leader is a Laborer II. A breakdown of the organizational chart is down below.



The Impact Team base of operations is a facility located in Shoshone Park in North Buffalo. This is where employees are required to sign-in and out, and also where the vehicles and equipment are stored.

PREFACE

On April 25, 2008 a local television station filmed three members of the Impact Team using City equipment on private property owned by a City employee during work hours. The property is owned by the Impact Team Crew Chief.

Based upon this incident the Common Council requested the Comptroller to perform an audit. Herewith are our results.

AUDIT FINDINGS AND RECOMMENATIONS

Reorganization of Direct Supervision of Impact Team

Among the three employees implicated in this incident was the Crew Chief. He is authorized along with the Quality of Life Manager to sign authorizations for overtime for the Public Works employees on the Impact Team. He is the onsite person who is responsible for the management of the team. He is a seasonal laborer. The employees were videotaped on his property.

We confirmed property ownership using information obtained from the City of Buffalo website.

Although there is no evidence of abuse of overtime, given the overall circumstances involved, **it is our recommendation** that overtime should be approved only by the Quality of Life Manager or the Director of Citizen Services. Some consideration should be given to assigning a permanent City employee to the vital function of directing the on-the-job activities of the team, rather than a seasonal employee.

Employee Time Sheet Irregularities

Original time sheets for team members who are employees of the Public Works, Parks and Streets Department are maintained at the facility located in Shoshone Park. These consist of a daily sign-in/out sheet, where employees are to sign in the morning with their arrival time and sign once again at the end of their shift along with their departure time. These are approved by either the Crew Chief, or in the case of Crew Chief's time sheet, the Quality of Life Manager. The Buffalo Sewer Authority and Economic Development, Permits and Inspection Services employees sign in and out at their respective departments.

When we examined the sign-in sheets at the Shoshone Park Facility at 10:00 A.M., it was noted that all the employees on that particular day all signed in and out in the morning. While there is no evidence that employees were not working the entire day this practice does not allow for appropriate control by having employees sign timesheets and attest to the fact that the information is accurate.

On the day the Impact Team members were videotaped, according to the Impact Team crew chief, members of the Impact Team were absent without leave that afternoon. The timesheets indicate that two members, including the Crew Chief, who approved the time sheet, signed out at noon. The other worker signed in and out recording work times of 7 A.M. to 10 P.M. (3 hours pay). However, he later that day crossed out his name and filled out a leave time request form for a full personal day. It should be noted, that according to union contracts, personal time must be taken in half (4 hours) or full days (8 hours). The employee worked without pay for three hours. A suspension of five days was given to this individual based on this incident.

In our statistical sample of 2007, (3 payrolls out of 26) employee time sheets, the accuracy and completion of said records by the timekeepers appear to be in compliance with the computerized MUNIS payroll system.

Employee timesheets in several instances appear to have been completed in advance. It was noted on two instances that the employee signed in and out on days that were holidays. He later crossed out his time and entered "holiday" on the remarks section of the sign-in sheet. These changes were subsequently approved by the department.

The Buffalo Sewer Authority employee is required to record his time electronically, and we noted no findings or irregularities.

We recommend that stronger internal controls be established over employee time, both in the way it is recorded and in the tracking of various employees. The use of an electronic timekeeping system would eliminate the opportunity for abuse, that is inherent in a manual sign-in system.

We also noticed that the employees who begin their day at City Hall are not required to sign in when they reach Impact Team headquarters. **We recommend** that these employees physically sign in and out at the site when they begin and end their Impact Team duties. Records of attendance could then be verified and sent to the employees' department and be attached to departmental time sheets.

Overall, **we recommend** the institution of strict procedures which should be properly supervised to accurately account for time. Such procedures should include the examination of timesheets on a random basis by the Quality of Life Manager or other management personnel and should be reviewed for propriety.

Vehicle and Equipment Controls

We performed a physical examination of the facility at Shoshone Park. We could find no evidence of controls with regard to the use of vehicles or equipment. We noted that a logbook was created the day before our audit. This logbook provides an inventory of power tools and motorized equipment. There was no record of who used the vehicles and equipment, and the location of said vehicles and equipment, while in use.

There also was no evidence of asset identification tags on equipment requiring them, or documentation of small equipment in inventory.

We recommend that all vehicles used should be signed out on a daily log listing the employees assigned, location of work, and beginning and ending odometer readings. When returned, supervisor should sign the log verifying the information and return of the vehicle.

It is also recommended that a daily log be implemented for all equipment. All equipment requiring permanent asset tags, which are readily available from multiple vendors, should have them and numbers should be recorded and reported to the Comptroller's Office.

The daily log of equipment should list equipment, employees using equipment and location of use. All equipment with permanent asset tags should be identified by tag number when assigned, and signed out to the individual employees using them. At the end of each work day, equipment should be returned and the supervisor should sign the log noting such and any change in condition of the equipment.

Under no circumstance should City equipment or personnel be used for either an employee's or a private individual's personal use, or non-City sanctioned activities, or stored at non-City sites.

Access Controls to Fuelmaster System

The Fuelmaster system of dispensing gasoline is very efficient in monitoring individual vehicle usage, but presents shortcomings in some of the uses by the Impact Team. We found that gas cans for mowers and gas powered equipment, can be filled, with a fuel limit, by identifying equipment fuel is for, and using odometer readings from the truck carrying the equipment. Obviously this presents opportunity for misuse of the system. Although on a small scale, it is conceivable that topping off auto tanks or filling personal cans could occur up to limits allowed.

We also were informed that four employees have access to the Fuelmaster System.

While we are not aware of any abuse of the Fuelmaster system, **it is our recommendation**, given the high cost of fuel, and opportunity for abuse, that access to this system be closely monitored on a regular basis through examination of usage reports for Fuelmaster system and that the usage reports be compared with equipment logs to determine that the equipment getting fuel is in fact assigned to specific jobs and being used accordingly.

We also recommend that the number of employees with access be examined to determine if there is the possibility of limiting the number without compromising the functioning of the Impact Team.

Cell Phones

We noted that three members of the Impact Team are assigned cell phones that are paid by the Department of Public Works, Parks and Streets. These are used in the operations of the Impact Team with two members using them only during work hours and the Crew Chief having 24 hour access.

We did not note any abuse, and there appears to be a genuine need for the phones for the proper coordination of Impact Team duties.

We do recommend that the department require the cell phones be turned in with other equipment and follow equipment log procedures for the two phones that are to be used only during work hours, and that the department perform monthly monitoring of all cell phones to insure they are being used properly.

Conclusion

Due to the activities of the Impact Team, in which timely responses are required to meet the objectives of the Impact Team, we understand that a balance between internal controls and effectiveness need to be established. We concluded there is a need for stronger controls in certain areas along with the enhanced monitoring of the Impact Team by management.

It is noted that once aware of this incident, the Mayor acted immediately and suspended two of the employees involved for five days and one for fifteen days without pay. The full cooperation of the Director of Citizen Services and the Quality of Life Manager should also be acknowledged in the execution and investigation for this audit.

The Mayor's Impact Team performs a vital function for the citizens of the City of Buffalo, and despite deficiencies noted, provides a service that serves the citizens well.

We feel that the implementation of our recommendations will strengthen the accountability and functionality of the Impact Team.