

**STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER**

**Internal Control Report
May 1, 2020 through June 30, 2020**



MITCHELL TITUS
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**STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER**

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INDEPENDENT ACCOUNTANT'S REPORT

Office of the State Comptroller
State of New York:

We have examined management's assertion that the New York State Office of the State Comptroller's internal controls maintained during the period May 1, 2020 through June 30, 2020, were adequate to meet the criteria for maintaining internal control as established in the "New York State Governmental Accountability, Audit and Internal Control Act." The New York State Office of the State Comptroller's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination. The significant objectives and relevant controls supporting management's assertion are in the accompanying Appendix A.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatements of management's assertion whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Because of inherent limitations in any internal control, misstatements due to errors or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over administrative operations to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We understand that the New York State Office of the State Comptroller considers the controls referred to in the first paragraph of this report that meet the criteria for maintaining internal control as established by the "New York State Governmental Accountability, Audit and Internal Control Act," to be adequate for its purpose. In our opinion, based on this understanding and on our examination, the New York State Office of the State Comptroller's internal controls maintained during the period May 1, 2020 through June 30, 2020, are adequate in all material respects to meet the criteria established by the "New York State Governmental Accountability, Audit and Internal Control Act."

80 Pine Street
New York, NY 10005
T +1 212 709 4500
F +1 212 709 4680
mitchelltitus.com



MITCHELL TITUS

This report is intended for the information of the New York State Office of the State Comptroller and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Mitchell Titus, LLP

March 22, 2021

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

DIVISION OF RETIREMENT SERVICES

Objective	Controls
Register employees into the retirement system.	<ul style="list-style-type: none"> ▪ New members are sent a membership packet and employers receive pertinent membership information quickly through the employers' self-service dashboard. ▪ Segregation of duties is maintained. ▪ Indexing of social security numbers, birthdates and memberships with similar names to prevent creation of duplicate memberships. ▪ An enrollment case is opened for every employment instance that needs to be captured. There is a process in place to account for all membership applications received via fax. ▪ Verification of members' employment status to ensure eligible employees are registered to membership. ▪ Verification of title to ensure employees are registered in the proper retirement system. ▪ Plan and rate assignments are validated to ensure they are within eligibility criteria.
Determine eligibility and process benefit payments.	<ul style="list-style-type: none"> ▪ Retirement applications are reviewed and approved. ▪ Benefit computations are reviewed. ▪ The Retirement System's database is reconciled to the month-end extract of pension payroll information. ▪ Benefit payments are accurately and properly recorded, authorized and in accordance with provisions in the plan documents. ▪ Benefit payments are made only to eligible participants or designated beneficiaries. ▪ The benefit database is compared to independently provided external sources to match for pensioner deaths. ▪ Loans are accurately and properly recorded and authorized.

80 Pine Street
New York, NY 10005
T +1 212 709 4500
F +1 212 709 4680

mitchelltitus.com

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

DIVISION OF RETIREMENT SERVICES *(continued)*

Objective	Controls
<p>Maintain the retirement system general ledger and investment accounting records. Process retirement system cash receipts and administrative cash disbursements.</p>	<ul style="list-style-type: none"> ▪ Loans are made only to eligible members and are in accordance with the provisions of the plan. ▪ Appropriate segregation of duties is maintained. ▪ General ledger investment reconciliations are prepared and reviewed monthly. ▪ Segregation of duties exists over the Retirement System's database. ▪ Bank reconciliations are prepared daily for trade settlements and monthly by retirement system accounting. ▪ The Investment Transaction Unit inputs investment activity into the Common Retirement Fund (CRF) based on authorized trade instructions. ▪ Failed trades are immediately reviewed and resolved. ▪ Reconciliations are performed daily, weekly and monthly between the activity reported by the custodian bank and the independently maintained records of the CRF. ▪ Staff have appropriate training and skills to maintain data at industry standard levels. ▪ The PeopleSoft database for tax withholdings is reconciled daily to the general ledger. ▪ Overnight batches are posted, and PeopleSoft subsidiary data is reconciled with general ledger control accounts. ▪ Journal entries are reviewed, approved, and recorded on a timely basis and substantiated.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

DIVISION OF RETIREMENT SERVICES (continued)

Objective	Controls
<p>Receive payroll information from employers and post information to member accounts. Ensure complete and accurate billing of participating employers for contributions due to the retirement system.</p>	<ul style="list-style-type: none"> ▪ Supervisory review exists over the input into the Retirement System's database of payroll information received from employers. ▪ Maintenance controls exist over the Retirement System's database. ▪ Calculations of actual bills are reviewed for accuracy. ▪ Collection of bills is monitored. ▪ Segregation of duties is maintained. ▪ Monthly batch reports are reconciled to cash deposits or automated clearing house draws. ▪ Outstanding, unpaid annual bills are reviewed, and employers are contacted. ▪ Member contributions are posted timely to member accounts and are reported annually through member annual statements.
<p>Extract the data required for the annual actuarial valuation. Compile and approve actuarial assumptions utilized.</p>	<ul style="list-style-type: none"> ▪ An Actuarial Advisory Committee is appointed and annually meets with the Comptroller to discuss all actuarial valuation assumptions and methods. ▪ Information Technology (IT) Services controls exist over data extraction programs. ▪ Investment performance statistics are compiled and reviewed. ▪ Contribution rates, actuarial valuations and assumptions are reviewed and approved. ▪ Annual salary data is distributed to employers for their review. ▪ Appropriate segregation of duties is maintained. ▪ Financial auditors annually examine the actuarial data for reasonableness and completeness. ▪ An annual report including census information and valuation output is provided to the New York State (NYS) Department of Financial Services for their review.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

DIVISION OF RETIREMENT SERVICES *(continued)*

Objective	Controls
<p>Provide programming and technical support for all system applications.</p>	<ul style="list-style-type: none"> ▪ A quinquennial review is performed by an external actuarial firm which examines all actuarial assumptions and methodologies and compliance with actuarial standards of practice. ▪ Office of State Comptroller (OSC) internal auditors periodically review procedures for compliance with OSC internal controls. ▪ New system implementation and/or change requests are prepared and approved by the requesting Bureau, approved by the requesting Bureau Director with co-bureau authorizations as appropriate, and submitted for division review and approval using a change control methodology. ▪ System modifications are tested and approved by requesting Bureau representatives before migration and confirmed once they go into production. ▪ Controls exist to ensure that only properly tested and approved programs and system objects are migrated to the production environment. ▪ IT Processing and Support is responsible for migrating approved programs and system objects to the production environment. ▪ With approval from the owning Bureau, the security team is responsible for granting application level security access. ▪ Segregation of duties exists to ensure appropriate migration of all changes to production. ▪ Information Technology Services resources are applied to projects and system support in accordance with the priorities and strategic direction of executive management.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

DIVISION OF PENSION INVESTMENT AND CASH MANAGEMENT

Objective	Controls
<p>Manage the investment process of the CRF to ensure the safeguarding of principal from imprudent risks.</p>	<ul style="list-style-type: none"> ▪ The Comptroller approves the asset allocation plan recommended by the Chief Investment Officer (CIO)/Deputy Comptroller. ▪ The Rebalance Committee meets periodically to ensure that investments are in line with the asset allocation. Members include the CIO, Deputy CIO, Chief Risk Officer, representation from Public Equities and Fixed Income and Operations. ▪ The Investment Advisory Committee meets approximately six times per year to advise the Comptroller on investment strategy and discuss fund and asset class performance. ▪ The Internal Investment Committee meets on a regular basis to review proposed fund investments. The minutes of the meetings accompany recommendations from the CIO/Deputy Comptroller to the Comptroller in accordance with investment policies. ▪ The CIO/Deputy Comptroller and the Deputy CIO review and approve the strategic plan for each asset class. ▪ Pension Risk Management is headed by the Chief Risk Officer who is responsible for advising the CIO and executive management on portfolio risks.
<p>Manage the investment process of internal management of the CRF to ensure the safeguarding of principal from imprudent risks.</p>	<ul style="list-style-type: none"> ▪ An annual inventory of all securities held is verified annually by an independent accounting firm as part of the financial statement audit of New York State and Local Retirement System, including CRF. ▪ A review of public equity and fixed income transactions are reviewed by the Compliance Officer utilizing an automated compliance system in coordination with CRF staff and the CRFs' custodian. Rules are tested periodically to ensure complete and functioning implementation.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

DIVISION OF PENSION INVESTMENT AND CASH MANAGEMENT *(continued)*

Objective	Controls
<p>Manage the investment process of the CRF of external investments to ensure the safeguarding of principal from imprudent risks.</p>	<ul style="list-style-type: none"> ▪ Proposed investments are reviewed by in-house and outside counsel, who must represent that there is no legal objection to the CRF entering into said investments. ▪ Legal opinions are obtained for all new investment types to ensure the investment is permissible under statute. ▪ Staff and independent consultants conduct a thorough review of each proposed investment, and a written analysis and recommendation may be submitted, if deemed appropriate. ▪ The Internal Investment Committee meets generally on a weekly basis to review proposed fund investments. The minutes of meetings accompany recommendations from the CIO/Deputy Comptroller to the Comptroller in accordance with investment policies. ▪ Before a new investment can be completed, the CIO/Deputy Comptroller has the opportunity to meet with the general partner and/or investment manager. ▪ Special charge vouchers for capital calls are certified by an independent monitoring consultant and are signed by the CIO/Deputy Comptroller.
<p>Manage the investment process of the CRF for real estate investments, including mortgages and equity ownership, consistent with prudent underwriting standards, alternative investment opportunities, and maturity and liquidity needs of the fund to ensure the appropriate diversification of its real estate portfolio.</p>	<ul style="list-style-type: none"> ▪ Qualified professional advisors are hired through a request for proposal process for asset acquisition, management and disposition. ▪ The Real Estate Advisory Committee reviews and approves proposed real estate investments and mortgage applications. Once approved, the CIO/Deputy Comptroller makes a recommendation to the Comptroller in accordance with investment policies. ▪ Outside legal counsel is used in certain situations to review statutory compliance. ▪ A proposed investment is evaluated against defined objectives in the strategic plan before a recommendation is made to the Comptroller.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

DIVISION OF PENSION INVESTMENT AND CASH MANAGEMENT *(continued)*

Objective	Controls
<p>Monitor and coordinate the proxy process, initiate shareholder resolutions and solicit proxies.</p>	<ul style="list-style-type: none"> ▪ In-house counsel, in conjunction with outside counsel, as appropriate, reviews investment documentation to ensure compliance with applicable laws and regulations. ▪ A review is performed to identify and address delinquent or nonperforming mortgages on a regular basis. ▪ An annual audit of the mortgage servicer is performed. ▪ Before a new investment can be completed, the CIO/Deputy Comptroller has the opportunity to meet with the general partner and/or investment manager. ▪ Special charge vouchers for capital calls are certified by an independent monitoring consultant and are signed by the CIO/Deputy Comptroller. ▪ Proxy voting is governed by written policy that is developed and reviewed by the CIO/Deputy Comptroller and Comptroller.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

OFFICE OF OPERATIONS

DIVISION OF CONTRACTS AND EXPENDITURES

BUREAU OF CONTRACTS

Objective	Controls
<p>Pre-audit of contract transactions to ensure compliance with existing laws, guidelines and policies, including required processing timeframes.</p>	<ul style="list-style-type: none"> ▪ Contracts subject to Comptroller pre-audit are checked for compliance with applicable State laws, guidelines and policies, including signature and approval by the NYS Attorney General. ▪ OSC auditors complete automated interactive audits on the Control Audit Module (CAM) within the Statewide Financial System (SFS) and resolve any procurement issues. ▪ High risk contracts receive a detailed Vendor Responsibility review. ▪ Workflow controls provide for a separate final approval or non-approval of transactions, where applicable. ▪ New staff receive on the job training and all staff are kept apprised of new requirements. ▪ The Bureau maintains formal procedures, both internal and in the Guide to Financial Operations. ▪ Managers and team leaders use inventory and aging reports to monitor processing timeframes.
<p>Support efficient operations with continuous process improvements and current, modern and reliable automated systems.</p>	<ul style="list-style-type: none"> ▪ Where appropriate, systems use role-based security. ▪ The Business Analysis and Reporting Team is responsible for defining user requirements for new and enhanced systems and ensuring systems meet users' needs. The Knowledge Management Team is responsible for maintaining and defining business processes and ensure alignment of processes with policy and systems. ▪ An internal ticketing process ensures system and procedural issues are addressed timely. ▪ Specific staff are assigned to trouble shooting system issues. ▪ Modifications and fixes to CAM are the responsibility of SFS.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

OFFICE OF OPERATIONS *(continued)*

DIVISION OF CONTRACTS AND EXPENDITURES *(continued)*

BUREAU OF CONTRACTS *(continued)*

Objective	Controls
<p>Provide the public, agencies, OSC staff and Bureau staff with secure and timely access to accurate contract information that meets statutory requirements, transparency objectives and operational needs.</p>	<ul style="list-style-type: none"> ▪ OSC Bureau of Contracts staff/consultants and CIO are responsible for enhancements and fixes for the Contract Submission System, the Vendor Responsibility System, e-Docs and Electronic Document Submission System. ▪ All systems are developed and maintained in accordance with generally accepted system development principles. ▪ Staff are trained to identify confidential information. ▪ Multiple levels of contract review ensure that confidential information is protected. ▪ Procedures assign responsibility and timeframes for processing of Freedom of Information Law (FOIL) requests. Requests are monitored for timeliness. ▪ FOIL requests are reviewed for appropriate redaction by legal staff. ▪ All requests for reports must be approved by the Bureau Assistant Director or Bureau Director. Reports are documented and received multiple levels of review before release.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

OFFICE OF OPERATIONS (continued)

DIVISION OF CONTRACTS AND EXPENDITURES (continued)

BUREAU OF STATE EXPENDITURES (BSE)

Objective	Controls
<p>Audit of agency vouchers prior to payment to ensure payments made are properly authorized and documented, processed timely, in compliance with existing laws, regulations and policies, and within pre-approved contract amounts.</p>	<ul style="list-style-type: none"> ▪ Agencies submit vouchers and expense reports to BSE by an electronic transfer of information into the SFS, either directly or indirectly, through the agency's financial management system. Voucher Authorizers at each agency electronically certify that the payment is approved, the information is just, true and correct, and the goods or services rendered are for use in the performance of the official functions of the agency. ▪ All transactions captured in the SFS are available for audit. ▪ All transactions are pre-audited by the application of risk-based filters and visualization tools. ▪ Filtered transactions are reviewed by staff, who receive formal and on-the-job training on SFS and audit techniques. ▪ Segregation of duties exist between the audit and payment process. ▪ Agencies are required to submit an annual certification of internal controls over their payment process. BSE evaluates the results to ensure it devotes resources to areas of highest reported risk.
<p>Conduct on-site audit operations prior to authorizing payments for tax and other refunds, unemployment insurance disbursements, workers' compensation payments and State Insurance Fund payments.</p>	<ul style="list-style-type: none"> ▪ Transactions are certified by agencies and made available to auditors at BSE. ▪ All transactions are captured and available. ▪ All transactions are subject to audit using individual audit team criteria and procedures. ▪ Selected transactions/processes are approved by staff, as appropriate. ▪ Segregation of duties exists between the audit and payment processes.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

OFFICE OF OPERATIONS (continued)

DIVISION OF CONTRACTS AND EXPENDITURES (continued)

BUREAU OF STATE EXPENDITURES (continued)

Objective	Controls
<p>Conduct post payment examinations, consistent with the Bureau's Annual Audit Plan, that have the potential to improve State fiscal operations by identifying fraud, waste and improper payments.</p>	<ul style="list-style-type: none"> ▪ An Audit Plan is developed on an annual basis that identifies areas to examine based on risks identified as part of the audit of Agency vouchers prior to payment; an analysis of historical transactions to identify trends, patterns or other indications of risky activity; Management priorities; and Comptroller initiatives. ▪ The Audit Plan is approved by the Audit Director, Deputy Comptroller and Executive Deputy Comptroller. Audit Supervisors monitor and document their teams' progress with the Audit Plan. ▪ All findings are reviewed by the Bureau's Quality Assurance Team prior to reporting the results of examinations to the appropriate State Agency.
<p>Develop and maintain a Statewide Vendor File that provides enhanced efficiency and improved information in support of agency procurement and payment processes.</p>	<ul style="list-style-type: none"> ▪ The SFS allows agencies to submit procurement and payment transactions only for registered NYS Vendors contained in the Statewide Vendor File. ▪ Entities can only become registered NYS Vendors after their legal names and Taxpayer Identification Numbers are verified with the Internal Revenue Service. ▪ SFS only remits payments to either the established vendor addresses, or approved bank accounts listed in the vendor records contained in the Statewide Vendor File. ▪ Changes to data in vendor records are processed via a secure, on-line Vendor self-service system or centrally through the Vendor Management Unit. All changes are verified with the vendor. Banking changes require a canceled check or bank letter. Account ownership is validated through a third-party service.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

OFFICE OF OPERATIONS *(continued)*

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES

BUREAU OF ACCOUNTING OPERATIONS

Objective	Controls
<p>Establish accounting and financial reporting policies and procedures that facilitate proper recording of the State revenue and disbursement transactions and ensure that proper controls exist to safeguard information and limit access.</p>	<ul style="list-style-type: none"> ▪ Statutory accounting duties of the Comptroller are inventoried and kept current. ▪ Systems security exists and staff access is periodically reviewed, which includes password controls, access approvals and roles and responsibility by function. ▪ Policies and procedures exist that strictly limit the collection and storage of sensitive/personal information that is relevant and necessary for business needs. ▪ Formal policy and procedure manuals exist in each Section of the Bureau. These are updated as conditions warrant and reviewed no less than annually. ▪ A Business Continuity Plan has been developed and tested and is kept current.
<p>Ensure that all funds, programs and accounts are properly established in compliance with state laws.</p>	<ul style="list-style-type: none"> ▪ Review, on an annual basis, appropriation acts, special budget implementation acts, other special chapters, and Federal rules and regulations to identify, document and implement special accounting requirements. ▪ Review assigned funds throughout the year to verify that the chart of accounts contains appropriate controls and complies with accounting rules.
<p>Ensure that State agency spending does not exceed the amounts authorized by the State Legislature. Appropriation and segregation records are established in the SFS in accordance with amounts provided for in legislation.</p>	<ul style="list-style-type: none"> ▪ SFS records are reconciled to appropriation acts. Reconciliation of appropriations-in-force are completed and verified to the Division of Budget reports, and published in the Comptroller's Annual Report. ▪ Monitor SFS reports for overspending and communicate corrective actions to the relevant agency(ies).

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

OFFICE OF OPERATIONS *(continued)*

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES *(continued)*

BUREAU OF ACCOUNTING OPERATIONS *(continued)*

Objective	Controls
<p>Complete timely and accurate review, posting, reconciliation and reporting of cash receipt transactions, accounts receivable deposits and general ledger journal entries.</p>	<ul style="list-style-type: none"> ▪ Periodically advise agencies, the Division of Budget and the Legislative fiscal committees to review SFS reports of appropriation/segregation records. ▪ Confirm, document and maintain records related to appropriated spending that is subject to repayment and receivables. ▪ Approve and post all revenue accounting transactions submitted by agencies in SFS. ▪ Review and post daily revenue accounting transactions submitted by agencies after agreeing them to the daily deposit list communicated by the joint custodian of the General Checking Account: Department of Taxation and Finance - Treasury. Update guidance to agencies in the Guide for Financial Operations Section IV.3 to aid in proper statewide revenue classification.
<p>Ensure the prompt and accurate recording of tax collections and refunds paid.</p>	<ul style="list-style-type: none"> ▪ Reconcile all sole custody tax accounts to bank statements, to the Department of Taxation and Finance’s electronic tax return processing system, and to monthly certifications of the Tax Commissioner of receipts, refunds paid and amounts owed to local government. ▪ Credit tax receipts to designated funds pursuant to State statutes. These credits are then verified by parties independent of the unit (e.g. Department of Taxation and Finance, Division Of Budget). ▪ Reconcile transfers from sole custody tax collection accounts to the SFS. ▪ Distribute each local government's share of tax collections (e.g. income and sales taxes) no less than two times per month. Review annual independent audit results provided to Bureau of Accounting Operations to verify amounts distributed. ▪ Distribute revenue tax collections to Metropolitan Transit Authority each month pursuant to legislation.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

OFFICE OF OPERATIONS *(continued)*

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES *(continued)*

BUREAU OF ACCOUNTING OPERATIONS *(continued)*

Objective	Controls
<p>Efficiently manage the daily concentration and disbursement of State funds for purposes of investments and State operations.</p>	<ul style="list-style-type: none"> ▪ Initiate wire and ACH transfers with appropriate authorizations, including individual token access to banks and separation of transfer initiation and release functions. ▪ Use pre-established templates with approved accounting codes to perform transfers of State funds to banks. ▪ Review bank transaction history, as needed to address identified discrepancies, through bank's website. ▪ Sole custody bank accounts are reconciled by State agencies at least monthly pursuant to State Finance Law §107.
<p>Execute federal draws timely, accurately and in accordance with State and Federal laws, guidelines and agreements.</p>	<ul style="list-style-type: none"> ▪ Reconcile/validate SFS-prepared draw worksheets/bills to the federal draw system (what was actually keyed and drawn in the federal system by the preparer).
<p>Complete timely and accurate reporting of federal cash transactions (<i>i.e.</i> receipts, disbursements by grant award, etc.) and compliance with all relevant rules, regulations, etc.</p>	<ul style="list-style-type: none"> ▪ Annual Single Audit includes tests of compliance with Federal rules and regulations. ▪ Review Federal SF-425 reports to ensure accuracy prior to submission to the U.S. Department of Health and Human Services.
<p>Ensure that all payments from State funds are reconciled prior to release.</p>	<ul style="list-style-type: none"> ▪ Daily payment release reconciliations are completed before check and electronic payment files are released. Out of balance conditions are reviewed and resolved with SFS staff prior to release.
<p>Ensure all State bank accounts are sufficiently collateralized with approved securities as defined by State Finance Law.</p>	<ul style="list-style-type: none"> ▪ Ensure banks complete "undertaking" documents that define the legal foundations and conditions required to accept State deposits. ▪ Review and approve banks' bond ratings to ensure sufficient industry standing. ▪ Approve establishment of new bank accounts and maintain an inventory of State-managed bank accounts.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

OFFICE OF OPERATIONS *(continued)*

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES *(continued)*

BUREAU OF ACCOUNTING OPERATIONS *(continued)*

Objective	Controls
	<ul style="list-style-type: none"><li data-bbox="683 590 1333 653">▪ Establish collateral level based on average daily available balances less FDIC coverage.<li data-bbox="683 674 1377 737">▪ Review bank balances and reports daily and adjust collateral amounts, as necessary.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

OFFICE OF OPERATIONS *(continued)*

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES *(continued)*

BUREAU OF FINANCIAL REPORTING AND OIL SPILL REMEDIATION

Objective	Controls
<p>Establish accounting and financial reporting policies and procedures utilized in preparing the State's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).</p>	<ul style="list-style-type: none"> ▪ Formal policy and procedures manuals exist and are updated as a result of operational changes or upon implementation of authoritative standards which results in changes or at a minimum of every three years.
<p>Prepare the State's annual and quarterly GAAP basis financial statements.</p>	<ul style="list-style-type: none"> ▪ Agency financial reporting instructions to State agencies and Public Benefit Corporations provide for uniform reporting by appropriate entities. ▪ Bureau management monitors and reviews critical completion dates for financial statement preparation. ▪ Legislation and Governmental Accounting Standards Board (GASB) pronouncements are reviewed and implemented, as required. ▪ Select an independent accounting firm for the annual GAAP financial statement audit.
<p>Administer public authority reporting requirements for Public Authority financial statement-related information.</p>	<ul style="list-style-type: none"> ▪ Periodically review reporting requirements for possible revisions. ▪ Maintain financial-related public authority data in a secure and accessible system. ▪ Oversee and administer financial reporting requirements in accordance with laws and regulations.
<p>Ensure that Department of Environment Conservation (DEC), Office of Attorney General (OAG), Department of Health (DOH) and OSC work collaboratively to establish and maintain appropriate controls.</p>	<ul style="list-style-type: none"> ▪ Interaction between, and periodic meetings with, DEC, OAG, DOH and OSC are held to ensure close cooperation among the Spill Fund participant agencies, that the fund operates in an efficient and effective manner and mandates under the Navigation Law are fulfilled.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

OFFICE OF OPERATIONS *(continued)*

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES *(continued)*

BUREAU OF FINANCIAL REPORTING AND OIL SPILL REMEDIATION *(continued)*

Objective	Controls
Ensure that vouchers are paid accurately and timely.	<ul style="list-style-type: none"> ▪ The Spill Fund works with the Bureau of State Expenditures to ensure that proper oversight and internal controls are maintained over all DEC voucher and procurement procedures and processes.
Maintain data integrity in spill litigation files.	<ul style="list-style-type: none"> ▪ The Spill Fund works closely with the Bureau of Financial Reporting and the Division of Legal Services to ensure that all legal and financial reports are prepared in compliance with Article 12 of the Navigation Law and appropriate governmental accounting and reporting standards, as well as OSC policies. The Spill Fund works closely with the OAG and DEC to ensure that responsible parties are being pursued in an efficient and timely manner. Prompt and appropriate litigation settlements will ensure that the Spill Fund balance remains positive.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

OFFICE OF OPERATIONS (continued)

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES (continued)

BUREAU OF STATE PAYROLL SERVICES

Objective	Controls
<p>Ensure that payments to employees, vendors, tax authorities (and other parties) are made in compliance with laws, union contracts, rules and policies.</p>	<ul style="list-style-type: none"> ▪ Maintain a quality audit approach to ensure that: <ul style="list-style-type: none"> (a) Employee bi-weekly payments are accurate (<i>i.e.</i>, payments are calculated correctly and paid to the correct person for the correct amount). (b) Employee annual salaries are calculated in accordance with civil service law (<i>i.e.</i>, new salary or salary change is consistent with the employee's grade and bargaining unit). (c) Employees are properly added and deleted from the payroll. (d) Employee voluntary and involuntary deductions (<i>i.e.</i>, withholding taxes, union dues, child support orders, income execution orders, levies, retirement contributions, tax deferrals, etc.) are processed in compliance with laws, union contracts, rules and regulations. (e) Reporting (to tax authorities, retirement systems, unions and third parties) is accurate and timely. (f) Maintain a computer system that is capable of producing accurate salary payments and mass salary increases for employees. (g) Segregation of duties exist within the Bureau and between the Bureau and State agency payroll offices.
<p>Ensure that State agencies make payments to their employees in compliance with union contracts, laws, rules and policies.</p>	<ul style="list-style-type: none"> ▪ The Bureau maintains an internal system of quality assurance to identify and report agency compliance with policies, contracts and laws.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

OFFICE OF OPERATIONS *(continued)*

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES *(continued)*

BUREAU OF STATE PAYROLL SERVICES *(continued)*

Objective	Controls
<p>Ensure that proper controls exist in the payroll system to safeguard against fraud and unauthorized system access.</p>	<ul style="list-style-type: none"> ▪ A process is in place to detect Bureau employee changes to their individual records in the payroll system. ▪ Bureau employees only have access to tasks related to their jobs. ▪ Processes are in place to review changes to agency submissions made by the Bureau audit staff. ▪ State agencies have controls in place to ensure that access to the payroll system is limited to only those individuals who have job related responsibilities.
<p>Ensure that system changes are properly approved and performed accurately.</p>	<ul style="list-style-type: none"> ▪ Adequate review and approval of program modifications and actual program changes exist. ▪ Segregation of duties exists between the Bureau functional design group and the Office of the Chief Information Officer.
<p>Ensure the privacy of State employee personal information.</p>	<ul style="list-style-type: none"> ▪ Policies and procedures exist that strictly limit the collection and use of personal information to only such information that is relevant and necessary to accomplish payroll processing. ▪ Policies and procedures exist to limit access to personal information to only those persons or entities with a legitimate business need or a legal right to such information. ▪ Secure electronic transfer of personal data is required to the extent possible to reduce the opportunity for data loss or theft.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

OFFICE OF OPERATIONS (continued)

DIVISION OF PAYROLL, ACCOUNTING AND REVENUE SERVICES (continued)

OFFICE OF UNCLAIMED FUNDS (OUF)

Objective	Controls
Return Abandoned Property to the rightful owner(s).	<ul style="list-style-type: none"> ▪ Maintain a computer system that is capable of receiving accurate unclaimed funds owner information, processing claims and producing accurate refunds. ▪ Segregation of duties exists between the payment function and the other OUF operational units (reports processing, securities management, etc.). ▪ The dollar value of property is not published or available to the public. ▪ Policies and procedures are in place to limit access to personal or confidential information only to those entitled to this information. ▪ Secure electronic transfer of personal data is achieved to the extent possible to reduce the opportunity for data loss or fraud (<i>i.e.</i>, On-Line Claims). ▪ Logical systems security exists in the Unclaimed Funds Processing System (UFPS), including password controls, access approvals, assigning user profiles by function and system audit trails for any data changes. ▪ Claim processing and other business procedures are documented, and multi-level approvals are required based upon property type and/or value. ▪ Deductions such as withholding taxes, levies and income executions are processed in compliance with laws, rules and regulations. ▪ Routine post-audits of all high dollar value claim payments, as well as post-audit samples of all other claims to check compliance with policies and procedures. ▪ Reporting of all taxable transactions to tax authorities is accurate and timely. ▪ Adequate review and approval of business process improvements and system modifications exist (UFPS and On-Line Application).

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES
AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

OFFICE OF INSPECTOR GENERAL

Objective	Controls
<p>Receive and investigate complaints from any source, or upon his or her own initiative, concerning allegations of corruption, fraud, criminal activity, conflicts of interest or abuse in the Office of the State Comptroller by an officer or employee relating to his or her office or employment, by a person having business dealings with the agency relating to such dealings, by a person appointed by the State Comptroller to serve as a member of a committee of the New York State and Local Retirement System or of the CRF, or by a person or entity having business dealings with the CRF relating to such dealings.</p>	<ul style="list-style-type: none"> ▪ Established and maintain a hotline and email reporting process. ▪ Log and track all complaints received. ▪ Log initial review and any disposition of complaint. ▪ Track all ongoing investigations. ▪ Track disposition or referral of all investigations.
<p>Inform the State Comptroller and his designees of such allegations and the progress of investigations related thereto, unless special circumstances require confidentiality.</p>	<ul style="list-style-type: none"> ▪ Report activity to the Comptroller quarterly and annually.
<p>Reports of the Inspector General are confidential internal agency documents and shall be treated in the same manner as internal audit reports.</p>	<ul style="list-style-type: none"> ▪ All information on logged complaints and investigations are contained on a limited access system.