

New York State Legislative Bill Drafting Commission
Internal Control Memo
For the Period July 1, 2014 through September 30, 2014

Date: November 12, 2014

To: Randall G. Bluth, Commissioner
John J. Conway III, Commissioner
Geraldyn M. Ruhle, Director of Administration

From: Douglas Zimmerman, CPA, Partner – Toski & Co., P.C.
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We conducted an examination of the New York State Legislative Bill Drafting Commission's (the "Commission" or the "Organization") internal controls maintained during the period July 1, 2014 through September 30, 2014 to determine if the Commission was in compliance with the "New York State Governmental Accountability, Audit and Internal Control Act." Our work included the following process areas:

- Budget and Reporting
- Cash Disbursements
- Cash Receipts
- COSO – Tone at the Top
- Fixed Assets and Supply Inventory
- General Computer Controls
- Payroll and Personnel
- Purchasing
- Revenue and Billing
- Travel Reimbursement

Based on our examination, the following improvements would result in a stronger internal control system if implemented by the Commission.

General Comments

1. Anonymous Tip Line

The Commission does not have an anonymous tip line to an outside third party.

Recommendation

The Commission should consider utilizing a third-party anonymous reporting system to receive tips in regard to fraud or complaints. The system will provide the individual reporting the issue with reassurance that their report will remain confidential and won't be channeled directly to the department or individuals named in the complaint.

 **TOSKI & CO., P.C.**

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Management Response

We have reviewed your recommendation and do not feel the need to activate a tip line at this time.

2. Comprehensive Disaster Recovery Plan

There is no written comprehensive disaster recovery plan that covers all of the operational aspects of the organization.

Recommendation

The Commission should consider putting together a written comprehensive disaster recovery plan that includes information technology and all of the other key components to keep the Commission operational in the event of a disaster.

Management Response

We agree with your recommendation and the Commission will review this and consider a direction for achieving a plan.

Information Technology

3. Network Passwords

The network requires an eight digit password that must be changed once every 30 days. There are no specifications to require that this eight digit password be a strong password which would include a combination of letters, numbers and other characters.

Recommendation

The Commission should consider changing the password configuration to an eight digit strong password that would require a combination of letters, numbers and other characters. Once the strong password is implemented then the Commission may be able to justify increasing the time interval for the users to change their passwords.

Management Response

The Commission is satisfied with changing passwords every 30 days.

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4. Data Center Fire Suppression

The data centers on Elk Street and Western Avenue are equipped with a sprinkler fire suppression system which would cause severe damage to the servers if they were engaged.

Recommendation

The Commission should determine if a server friendly fire suppression system can be installed at a reasonable cost to replace the current water based system.

Management Response

The Commission reviewed this topic a few years ago. At that time it was determined to be a costly alternative to the existing suppression system.

Purchasing

5. Bidding

The purchases of products or services that are not available through a New York State contract may be bid. The bid process is coordinated by the Director of Administration and the Deputy Director of Administration. The Chief Information Officer is also involved if the items being purchased relate to information technology. A comparison is done of the amounts bid and management makes a group decision in regard to what vendor is chosen. There is no sign-off or formal approval of the vendor.

Recommendation

In order to properly document the bid decision, the Commission should develop and utilize a form that is authorized by the Director of Administration and the Commissioners.

Management Response

We agree with your recommendation and will develop a form to be used for all future bidding.

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Treasury

6. Bank Reconciliations

The Sole Custody bank account reconciliation is prepared by the Director of Administration and is not reviewed by anyone. The banking information is reviewed online and a formal reconciliation is not completed.

Recommendation

Management should have an administrative employee prepare a formal bank reconciliation. The completed reconciliation should be reviewed by the Director of Administration.

Management Response

We agree with your recommendation and the Office Manager will prepare a bank reconciliation which the Director of Administration will review and initial.

7. ACH Debit Block

Management is not certain if the Sole Custody account has ACH debit block which would prevent unauthorized electronic transfers from the account.

Recommendation

Management should check with Key Bank to determine if this feature is in place. If not, the Commission should consider the benefits of implementing this control.

Management Response

We agree with your recommendation and have contacted Key Bank for further information on a block.