

THOMAS P. DiNAPOLI
STATE COMPTROLLER



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ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 22, 2021
Mitchell & Titus, LLP
80 Pine Street, 32nd Floor
New York, NY 10005

We are providing this letter in connection with your examination of the internal controls maintained during the period May 1, 2020 through June 30, 2020, for the purpose of expressing an opinion as to whether management's assertion that internal controls are adequate to meet the criteria for maintaining internal controls as established in the "New York State Governmental Accountability, Audit and Internal Control Act" is fairly stated, in all material respects. The significant objectives and relevant controls supporting management's assertion are in the accompanying Appendix A.

We confirm, to the best of our knowledge and belief, as of date of this letter, the following representations made to you during your engagement:

1. We affirm our assertion that internal controls during the period of May 1, 2020 through June 30, 2020, are adequate to meet the criteria for maintaining internal controls as established in the "New York State Governmental Accountability, Audit and Internal Control Act."
2. All relevant matters are reflected in the measurement or evaluation of internal controls maintained during the period of May 1, 2020 through June 30, 2020. Internal controls are adequate to meet the criteria for maintaining internal controls as established in the "New York State Governmental Accountability, Audit and Internal Control Act."
3. All known matters contradicting management's assertion and any communication from regulatory agencies or others affecting the management's assertion have been disclosed to you, including communications received between the end of the period addressed in the written assertion and the date of the practitioner's report.
4. We are responsible for:
 - (a) the maintenance of internal controls and management's assertion regarding the maintenance of internal controls;
 - (b) Selecting the criteria; and
 - (c) Determining that such criteria are appropriate for our purposes.
5. Any known events subsequent to the period of May 1, 2020 through June 30, 2020 that would have a material effect on management's assertion have been disclosed to you.
6. We have provided you with all relevant information and access.

7. We have responded fully to all inquiries made to us by you during the examination.
8. We have disclosed to you:
- (a) All deficiencies in internal control relevant to the engagement of which we are aware.
 - (b) Our knowledge of any actual, suspected, or alleged fraud affecting the subject matter of the examination.
 - (c) Our knowledge of any actual, suspected, or alleged noncompliance with laws or regulations affecting maintenance of internal controls.
9. We understand that your examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and was designed for the purpose of expressing an opinion on the fairness of the presentation of the maintenance of internal controls as established in the "New York State Governmental Accountability, Audit and Internal Control Act", based on your examination, and that your procedures were limited to those that you considered necessary for that purpose.

(Signature and Title)

Patricia Warrington

Patricia A. Warrington, Deputy Comptroller, Contracts and Expenditures

**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

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)*

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.

- 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.

Develop and maintain a Statewide Vendor File that provides enhanced efficiency and improved information in support of agency procurement and payment processes.

- 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.