

May 6, 2019

Contract Management Unit
New York State Assembly
One Enterprise Drive
Albany, New York 12204

Dear Sir or Madam:

Attached is our technical proposal to provide continuing professional services for the audit of the internal control system of the New York State Assembly for the audit period of July 1, 2019 through September 30, 2019, and optional audit period of July 1, 2022 through September 30, 2022.

Please call me if you have any questions regarding this proposal.

Very truly yours,

EFPR GROUP, CPAs, PLLC



Douglas E. Zimmerman, CPA
Partner

DEZ:kms

Enclosure

NEW YORK STATE ASSEMBLY

Proposal to Provide Continuing
Professional Services for the Audit
of the Internal Control System

For the period July 1, 2019 through September 30, 2019, and
Option period July 1, 2022 through September 30, 2022



EFPR GROUP, CPAs, PLLC

Douglas E. Zimmerman, CPA
Partner

dzimmerman@efprgroup.com

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New York State Assembly
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Albany, New York 12204

Dear Sir or Madam:

We are pleased to present our proposal to provide continuing professional services for the audit of the internal control system of the New York State Assembly for the audit period of July 1, 2019 through September 30, 2019, and optional audit period of July 1, 2022 through September 30, 2022. We confirm that we understand the scope of services to be provided and will commit the resources necessary to ensure performance of our services within the required timeframes. The EFPR Group, CPAs, PLLC agrees to accept the terms and conditions set forth within the Request for Proposals document. Our proposal is a firm and irrevocable offer for a period of 90 days. The following individual is authorized to make representations for and bind the firm:

Douglas E. Zimmerman, CPA
Partner
6390 Main Street, Suite 200
Williamsville, New York 14221
Phone: (716) 634-0700
Fax: (716) 634-0764
dzimmerman@efprgroup.com

We believe we are the firm best qualified to continue to provide professional services for the Assembly based on:

- Our previous experience (as Toski & Co., CPAs, P.C.) in performing the audit of the internal control system of the New York State Assembly for the following periods:
 - July 1, 2007 through September 30, 2007
 - July 1, 2010 through September 30, 2010
 - July 1, 2013 through September 30, 2013
 - July 1, 2016 through September 30, 2016
- Our extensive experience in performing internal control audits of New York State Agencies in accordance with the New York State Governmental Accountability, Audit and Internal Control Act. We have performed the internal control audits of the following:
 - New York State Division of the Budget (2006, 2009, 2012, 2015 and 2018)
 - New York State Office of the State Comptroller (2004, 2007, 2011 and 2015)
 - New York State Executive Chamber (2004, 2007, 2010, 2013 and 2016)
 - New York State Assembly (2007, 2010, 2013 and 2016)
 - New York State Senate (2007, 2010, 2013 and 2016)
 - New York State Unified Court System (2005, 2008, 2011, 2014 and 2017)
 - New York State Legislative Bill Drafting Commission (2014 and 2017)

New York State Assembly
May 6, 2019

- Our ability to assemble an engagement team with substantial experience in performing internal control audits in accordance with the New York State Governmental Accountability, Audit and Internal Control Act. All key individuals to be assigned to this engagement have prior experience in performing these audits.
- Our substantial experience with regard to performing audits of internal controls. We perform over 350 audits of internal control on an annual basis in accordance with the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- Our experience with various New York State agencies, including the following:
 - New York State Affordable Housing Corporation
 - New York State Assembly
 - New York State Bridge Authority
 - New York State Department of Agriculture and Markets / State Fair
 - New York State Department of Transportation
 - New York State Division of the Budget
 - New York State Executive Chamber
 - New York State Homeless Housing Assistance Corporation
 - New York State Office for People With Developmental Disabilities
 - New York State Office of Alcoholism and Substance Abuse Services
 - New York State Office of Children and Family Services
 - New York State Office of General Services
 - New York State Office of the State Comptroller
 - New York State Office of Temporary Disability Assistance
 - New York State Senate
 - New York State Thoroughbred Breeding and Development Fund
 - New York State Unified Court System
 - New York State Urban Development Corporation
- Our ability to provide quality services on a timely basis for reasonable fees.

We would consider it a distinct privilege to continue to provide professional services as outlined in this proposal or any additional services you may desire. Please contact us if there are any questions regarding this proposal.

Very truly yours,

EFPR GROUP, CPAs, PLLC



Douglas E. Zimmerman, CPA
Partner

FIRM PHILOSOPHY

The EFPR Group, CPAs, PLLC was founded on the principle of providing our clients with the same high quality level of service expected from a national firm yet with the dedicated involvement that can only be developed by personal attention. The primary mission of our Firm has always been helping our clients succeed. We are committed to delivering services targeted to each client's critical needs and industry niche.

KEY CONSIDERATIONS REGARDING THE EFPR GROUP

Our Firm has achieved its present position in the accounting profession by providing quality services on a timely basis, for reasonable fees. Accounting firms should be evaluated in light of several important conditions:

- The firm's qualifications, experience and its ability to provide auditing, accounting and consulting services for a reasonable fee.
- The firm's ability to assemble and commit a team of professionals experienced in providing audit, accounting and consulting services for governmental organizations.
- The firm's involvement of client personnel and active participation and coordination on a year-round basis.
- The firm's commitment to provide services which will contribute to the success of our clients.

In the following paragraphs, we shall demonstrate that the EFPR Group, CPAs, PLLC is the accounting firm best qualified to continue to serve the New York State Assembly.

LICENSED TO PRACTICE IN NEW YORK STATE

The EFPR Group, CPAs, PLLC is licensed to practice in New York State. Please see Appendix A for evidence of the firm's license to practice and licenses of key individuals to be assigned to the engagement.

FIRM QUALIFICATIONS AND EXPERIENCE

The EFPR Group, CPAs, PLLC provides audit, accounting and consulting services to over 175 governmental organizations on an annual basis. We also serve more than 350 organizations which require an audit performed in accordance with Government Auditing Standards. Our Firm employs 200 professionals with 35 partners and directors. The Firm's Government Audit Practice Group consists of 40 highly trained professionals who provide audit and related services to governmental organizations on a year round basis.

Our Firm has offices located in Williamsville, Rochester, Albany, and Corning, New York. The fieldwork associated with the engagement will be performed at the Assembly's office located in Albany, New York by the professionals from the Firm's Government Audit Practice Group. Please see Appendix A for detailed resumes of the Firm's key Government Audit Practice Group members and Appendix B for a partial listing of governmental organizations which are our clients. In the following paragraphs we will demonstrate the extensive experience that the Firm has in conducting reviews of internal controls using Government Auditing Standards for New York State Government organizations.

Our Firm has provided audit services to the New York State Division of the Budget (2006, 2009, 2012, 2015 and 2018). Our examination includes an audit of the internal controls of the New York State Division of the Budget as required by the New York State Governmental Accountability, Audit and Internal Control Act. Our examination was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and the standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of internal controls, testing and evaluating the design and operating effectiveness of the internal controls, and performing such other procedures as we considered necessary under the circumstances.

Our Firm has provided audit services to the New York State Office of the State Comptroller (2004, 2007, 2011 and 2015). We recently performed the audit of the system of internal controls of the New York State Office of the State Comptroller. Our examination was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and the standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of internal controls, testing, and evaluating the design and operating effectiveness of the internal controls, and performing such other procedures as we considered necessary under the circumstances. The Office of the State Comptroller is responsible for paying New York State's bills and payrolls, verifying all financial transactions of the State, reviewing the financial and management practices of State agencies, supervising the fiscal affairs of local governments, investing State funds and issuing bonds and notes and administering the retirement program for the State and most local government employees.

Our Firm has provided audit services to the New York State Assembly (2007, 2010, 2013 and 2016). Our examination included an audit of the internal controls of the New York State Assembly as required by the New York State Governmental Accountability, Audit and Internal Control Act. Our examination was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and the standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of internal controls, testing, and evaluating the design and operating effectiveness of the internal controls, and performing such other procedures as we consider necessary under the circumstances.

Our Firm has provided audit services to the New York State Unified Court System (2005, 2008, 2011, 2014 and 2017). Our examination included an audit of the internal controls of the Unified Court System as required by the New York State Governmental Accountability, Audit and Internal Control Act. Our examination was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and the standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of internal controls, testing, and evaluating the design and operating effectiveness of the internal controls, and performing such other procedures as we consider necessary under the circumstances.

Our Firm has provided audit services to the New York State Executive Chamber as required by the New York State Governmental Accountability, Audit and Internal Control Act (2004, 2007, 2010, 2013 and 2016). We recently performed the audit of the system of internal controls of the New York State Executive Chamber. Our examination was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and the standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of internal controls, testing and evaluating the design and operating effectiveness of the internal controls, and performing such other procedures as we considered necessary under the circumstances. The New York State Executive Chamber is responsible for overseeing the operations of the Executive Branch of New York State Government (the Governor's Office).

Our Firm has provided audit services to the New York State Senate (2007, 2010, 2013 and 2016). Our examination included an audit of the internal controls of the New York State Senate as required by the New York State Governmental Accountability, Audit and Internal Control Act. Our examination was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and the standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of internal controls, testing, and evaluating the design and operating effectiveness of the internal controls, and performing such other procedures as we consider necessary under the circumstances. Besides passing upon legislative proposals and constitutional amendments, the New York State Senate confirms or rejects nominations made by the Governor for the filling of certain State and judicial offices.

Our Firm has provided audit services to the New York State Legislative Bill Drafting Commission (2014 and 2017). Our examination included an audit of the internal controls of the New York State Legislative Bill Drafting Commission as required by the New York State Governmental Accountability, Audit and Internal Control Act. Our examination was conducted in accordance with Governmental Auditing Standards, issued by the Comptroller General of the United States and the standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal controls, testing, and evaluating the design and operating effectiveness of the internal controls, and performing such other procedures as we consider necessary under the circumstances.

Our Firm provides internal audit services to the New York State Office of General Services (OGS) - Design and Construction Group. Our Firm has expended over 45,000 hours in the last 14 years providing services to OGS. These services are provided to OGS through the Internal Audit Department. These services include extensive auditing of the internal control system of the Design and Construction Group related to the following:

- Construction contract bid process, including advertisement and bid opening procedures.
- Execution of construction contracts.
- Review issuance of field orders and change orders for compliance with OGS regulations.
- Interview of Engineers in Charge of projects to review work performed to assess contract status, documentation of progress billings and compliance with terms of contract.
- Review all subcontractors utilized on construction contracts to confirm that the subcontractors were properly approved by OGS.
- Review and determine the extent of known design errors/omissions on construction projects.
- Review of Biweekly Engineers in Charge meeting minutes to ensure that appropriate meeting coverage is noted with regard to:
 - Percentage of contract completion
 - Contractor and subcontractor attendance
 - Contract delays with accompanying reasons
 - Site workers for each contractor
 - Quality of workmanship
- Detailed review of field office files to ensure compliance with OGS guidelines including maintenance of:
 - Project manuals
 - Project correspondence
 - Job meeting minutes
 - Payment requisitions
 - Certified payrolls
 - Change orders/field orders

We provide audit services to New York State Office of Alcoholism and Substance Abuse Services (OASAS). We perform cost certification audits of construction contracts in connection with bond issuances by the Dormitory Authority of the State of New York (DASNY). In connection with these engagements (70 audits to date), we audit the construction costs related to the development or rehabilitation of OASAS funded residential facilities. Each expenditure is verified to applicable contract's purchase orders, vendor invoices, job cost orders, etc. In connection with these engagements, we also compile and reconcile the information necessary to comply with DASNY bond closing requirements.

Quality Assurance

Peer Review

The EFPR Group, CPAs, PLLC retains an independent accounting firm to conduct a review of its system of quality control every three years in accordance with the rigorous standards of the American Institute of Certified Public Accountants. In May 2017, our Firm successfully completed the most recent peer review of its accounting and auditing practice. The review determined that the Firm complies with the stringent quality control standards set by the American Institute of Certified Public Accountants. Our Firm has received the highest rating possible (pass) with no letter of comments being required in each of its last nine peer reviews. According to the peer review team, less than one percent of the firms in the nation achieve this level of excellence. We believe that this attests to our commitment to quality. Peer reviews, which are performed every three years, are required of all CPA firms and are conducted in accordance with rules issued by the American Institute of Certified Public Accountants. (See Appendix C for a copy of the report issued in connection with our most recent peer review.)

BDO Alliance USA

We are an independent member of the BDO Alliance USA, a nationwide association of independently owned local and regional accounting, consulting and service firms with similar client service goals. By supplementing our services, the BDO Alliance USA allows us to:

- Enhance our client services and broaden our capabilities overall
- Expand our domestic and international coverage
- Gain greater technical knowledge in specialty areas
- Utilize professionals with experience in a wide range of industries
- Access the most up-to-date technical information
- Participate in the latest training programs
- Utilize state-of-the-art, customized computer systems
- Provide our clients with key contacts and sophisticated professionals throughout the U.S.

The BDO Alliance USA brings us the necessary tools to help us better serve our clients with greater flexibility, efficiency and cost effectiveness.

Government Audit Quality Center

We are also a member of the American Institute of Certified Public Accountants Government Audit Quality Center (GAQC). The GAQC promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. As members, we have access to the latest developments in accounting, auditing, and the various rules and regulations that affect governmental audits. We also receive periodic updates on current issues through news alerts and Webcasts. We are proud of the quality of our work and in order to ensure that this high level of quality is maintained, we have established a comprehensive quality assurance program. The program starts with hiring the best people available and continues with extensive continuing education, an annual minimum of 40 hours per staff member. Our involvement in the GAQC is optional, but indicates a level of commitment above non-member Certified Public Accounting firms. Our participation requires that our firm and personnel attain additional continuing professional education on an annual basis.

ASSIGNED STAFF QUALIFICATIONS AND EXPERIENCE

Achieving our present position in the profession has come as a result of being responsive to the needs of our clients. Accordingly, we will assemble an engagement team that will include audit personnel with extensive experience in performing audits of systems of internal controls in accordance with the New York State Governmental Accountability Audit and Internal Control Act. A combination of a coordinated team approach and up-to-date knowledge allows for the most efficient approach to providing comprehensive professional services. The partners assigned to this engagement are the same individuals assigned to our audits of the internal control systems of the New York State Division of the Budget, Unified Court System, New York State Executive Chamber, New York State Office of the State Comptroller, New York State Senate and New York State Legislative Bill Drafting Commission. All individuals assigned to the engagement have substantial experience providing internal control services to governmental organizations. Please see Appendix A for resumes of individuals available for assignment under this contract. The key individuals to be assigned and their roles are as follows:

Douglas E. Zimmerman, CPA will be the partner assigned to this engagement. Doug will provide a review of all deliverables and critical engagement decision and will be available throughout the term of the engagement to consult and review on any auditing or accounting questions that may arise. He has supervised and prepared numerous internal control audits for many of our clients. He has been the partner in charge of the fieldwork on the 29 internal control audits performed by the Firm in accordance with the New York State Governmental Accountability, Audit and Internal Control Act. In connection with these engagements, he has provided over 3,000 hours auditing the internal controls of State agencies in accordance with the Internal Control Act. He has over 32 years of public accounting experience and currently functions as a partner in the Firm. He has extensive experience in providing audit, accounting and consulting services for numerous governmental organizations. Doug is licensed in New York State as a Certified Public Accountant.

Joseph M. Klimek, CPA will serve as the engagement review partner. Joe will provide a secondary review of all deliverables and critical engagement decisions. He has over 39 years of public accounting experience. He currently functions as a partner in the Firm and has extensive experience in providing audit, accounting and consulting services for numerous governmental organizations. Joe is licensed in New York State as a Certified Public Accountant.

Anthony C. Pezzino, CPA will serve as the manager in charge of the Firm's relationship with the New York State Assembly. Anthony will oversee all services provided and ensure that they are delivered in a timely and efficient manner. He will be responsible for all matters concerning accounting policy, participate in the planning phases of our engagement, review all working papers and reports prepared, and attend meetings with management and the Board. He has over 13 years of public accounting experience. He currently functions as a manager in the Firm and has extensive experience in providing audit, accounting and consulting services for numerous governmental organizations. Anthony is licensed in New York State as a Certified Public Accountant. Anthony has previously worked on the internal control audits of the New York State Division of the Budget, Assembly, Senate, Executive Chamber and Unified Court. These audits were performed in accordance with the New York State Governmental Accountability, Audit and Internal Control Act.

Michael C. Redmond, PhD, PMP, CEM, MBCP, FBCI, ISO will serve as a director on this engagement. She will assist the engagement field team in performing a review of the Assembly's information technology systems, including cyber security, business continuity and disaster recovery. She currently functions as a Lead Strategic Consultant for the Firm's Information Technology Consulting division.

Sara G. Menth will serve as a senior accountant on this engagement, assisting in performing the detailed testing during the audit fieldwork. Sara currently functions as a senior accounting in the Firm and has over five years of public accounting experience. She has extensive experience providing audit, accounting and consulting services for numerous governmental organizations.

MWBE Members: Your account will also be assigned additional senior and staff accountants from our MWBE subcontractors who will work as an integrated part of our engagement team.

Continuity of Staff

Continuity is an important element when selecting a CPA firm. We are committed to maintaining the same team of professionals (Senior through Partner) on your engagement year after year. We strive at strengthening our team members' client relationship by maintaining this level of continuity. However, in the event our clients request that there be a rotation of any level of staffing, we have a significant amount of bench strength and can easily accommodate that request. Any substitutions in staff during the engagement will only be made after notification to and approval of the Budget Director.

Turnover in the public accounting industry typically averages over 20 percent annually. EFPR Group, CPAs, PLLC has taken numerous steps to try to keep turnover as low as possible. We believe that this results in the ability to provide improved professional services to our clients. The firm's turnover over the last three years has been approximately eight percent, less than half the industry average.

Our Firm has numerous policies in place in order to retain and monitor the professional staff in the Firm. We have a career advisor program which match senior professionals with junior staff to allow individualized career monitoring and guidance. We also have a robust flexible schedule program which allow staff to modify their work schedule to allow for an appropriate work/life balance.

MWBE Participation

Our Firm would like to express its willingness to engage subcontractors which are Certified Minority and Women-Owned accounting firms, if requested by the Assembly.

The EFPR Group, CPAs, PLLC is an equal opportunity employer and as such possesses a firm commitment to affirmative action and to hiring and working with only the best qualified candidates and subcontracting firms regardless of gender or ethnic origin. Our Firm does not discriminate against any employee or applicant or subcontractor firm. When selecting a subcontractor firm to work with, EFPR Group, CPAs, PLLC looks at the Firm's reputation in the marketplace, and past performance with their clients. We also review whether the firm possesses the required expertise and experience, as well as whether the firm is sufficiently staffed with qualified individuals who will be able to work with our audit staff as part of our engagement team.

Valles Vendiola LLP, a certified Minority and Women Owned Business Enterprise, has expressed a willingness to serve as a subcontractor on this engagement, if requested by the Assembly. The firm was originally organized in 1983 and has specialized in government audits or audits of government contracts, including government contract auditing services. The firm has provided government auditing services, government audits or audits of government contracts to the New York City Administration for Children's Services, New York City Department of Youth and Community Development, Roosevelt Island Operating Corporation, New York Horse Breeding Corporation, New York City Health and Hospitals Corporation, New York State Department of Transportation, and New York City Economic Development Corporation.

We have utilized the services of Valles Vendiola LLP as a member of our audit engagement team on our engagements for the New York State Office of the State Comptroller, New York State Division of the Budget, Lower Manhattan Development Corporation, SUNY at Stony Brook Dental School, New York State Department of Transportation, City University of New York and a number of other governmental organizations. The professionals from Valles Vendiola LLP work jointly with our professional staff, presenting a seamless engagement team to our clients, resulting in improved client services.

Webber CPA, PLLC, a certified Women Owned Business Enterprise, headquartered in Rochester, New York, has expressed a willingness to serve as a subcontractor on this engagement, if requested by the Assembly. The firm has over six years of experience in compliance auditing, forensic accounting and consulting services, and currently holds contracts with various federal and state-funded organizations and government agencies of all sizes, including the New York State Office of Children and Family Services, Cayuga County District Attorney's Office, Weill-Cornell Medical College, and Lifespan of Greater Rochester.

We have utilized the services of Webber CPA, PLLC as a member of our audit engagement team on our engagements for the City University of New York, New York State Division of the Budget, Empire State Development, and New York State Office of Alcohol and Substance Abuse Services. The professionals from Webber CPA, PLLC work jointly with our professional staff, presenting a seamless engagement team to our clients, resulting in improved client services.

PRIOR GOVERNMENTAL AUDIT ENGAGEMENTS

Our Firm has provided various audit services to numerous governmental organizations. The following is a listing of the most significant engagements similar to the services requested by the New York State Assembly:

New York State Division of the Budget

Date: 2006, 2009, 2012, 2015 and 2018
Scope of work: Audit of System of Internal Control.
Hours: 420 per audit
Engagement partner: Mr. Douglas E. Zimmerman, CPA
Firm's office performing audit: 6390 Main Street, Suite 200
Williamsville, New York 14221
Contact: Ms. Karen Orcutt, Director of Administration and Information
Technology
(518) 474-6324
karen.orcutt@budget.state.ny.us

New York State Office of the State Comptroller

Scope of Work: Internal control audit.
Date: 2004, 2007, 2011 and 2015
Hours: 950 per audit
Engagement partner: Mr. Douglas E. Zimmerman, CPA
Firm's office performing audit: 6390 Main Street, Suite 200
Williamsville, New York 14221
Contact: Mr. Stephen R. Hillerman, CIA, Assistant Comptroller for Internal
Audit
(518) 549-2393
srhillerman@osc.state.ny.us

New York State Executive Chamber

Scope of Work: Internal control audit.
Date: 2004, 2007, 2010, 2013 and 2016
Hours: 290 per audit
Engagement partner: Mr. Douglas E. Zimmerman, CPA
Firm's office performing audit: 6390 Main Street, Suite 200
Williamsville, New York 14221
Contact: Ms. Letizia Tagliafierro, Deputy Secretary for Intergovernmental
Affairs and Special Counsel to the Governor
(518) 474-3036
letizia.tagliafierro@exec.ny.gov

New York State Unified Court System

Scope of Work: Internal control audit.
Date: 2005, 2008, 2011, 2014 and 2017
Hours: 250 per audit
Engagement partner: Mr. Douglas E. Zimmerman, CPA
Firm's office performing audit: 6390 Main Street, Suite 200
Williamsville, New York 14221
Contact: Mr. George Danyluk, Chief Internal Auditor
(518) 453-4661
gdanyluk@courts.state.ny.us

New York State Senate

Scope of Work: Internal control audit.
Date: 2007, 2010, 2013 and 2016
Hours: 500 per audit
Engagement partner: Mr. Douglas E. Zimmerman, CPA
Firm's office performing audit: 6390 Main Street, Suite 200
Williamsville, New York 14221
Contact: Mr. Michael Ostrander
(518) 455-2636
ostrander@senate.state.ny.us

SPECIFIC AUDIT APPROACH

The EFPR Group, CPAs, PLLC would conduct an audit of the existing internal controls of the New York State Assembly pursuant to the requirements of the New York State Governmental Accountability, Audit and Internal Control Act (under New York State Executive Law Section 950). This audit would be conducted in accordance with the standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. A brief summary of the audit approach to be utilized is as follows:

- (a) Planning.
- (b) Assessment of Significant Controls.
- (c) Testing of Significant Controls.
- (d) Reporting.

Our approach will focus on controls within the Assembly. We will focus on management controls, update our understanding of these controls, and perform tests of the adequacy of the controls in place. We will determine the types of errors that could occur and the control procedures to prevent or detect such errors. This approach will also allow us to determine whether the necessary procedures are prescribed and being followed and to evaluate any weaknesses.

Planning

The planning phase will start with an entrance conference with the Internal Control Officer and other appropriate Assembly representatives and conclude with a progress conference at which the results of the planning phase will be reviewed. This phase encompasses the following tasks:

- Entrance conference
- Update our understanding of significant controls and functions
- Identification of significant functions for testing and evaluation
- Determination of prior audits or studies to utilize
- Completion of detailed audit programs

Entrance Conference

We will hold a meeting with the appropriate Assembly personnel. A partial list of the items we would expect to cover in the meeting would be:

- Introduce the firm's team
- Timing of work
- Familiarize the Assembly's project team with our audit approach
- Discuss Assembly staff involvement
- Identify any area of management concern

Update our understanding of significant controls and functions

We will review the Assembly's documentation of functions as presented in the following:

- Operations Manual
- Policy and procedures manuals of control agencies including the Office of the State Comptroller, Office of General Services, Division of the Budget, and the Department of Civil Service.
- Administrative Practices Manual

Our Firm will obtain an understanding of the internal control of the Assembly. The understanding will include each of the components of the control structure such as:

- Control environment.
- Risk assessment.
- Control activities.
- Information and communication.
- Monitoring.

Control environment sets the tone of an organization and influences the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

Risk assessment is the entity's identification and analysis of relevant risks to the achievement of its objectives. This forms a basis for determining how the risks should be managed.

Control activities are the policies and procedures that help ensure that management's directives are carried out.

Information and communication are the means to identify, capture, and exchange information in a form and time frame that enable people to carry out their responsibilities.

Monitoring is a process that assesses the quality of internal control performance over time.

Identification of significant functions for testing and evaluation

The following will be considered in determining the functions and transactions significant enough to be tested:

- Prior internal control audit determinations
- Review of organizational changes
- New Assembly responsibilities
- Review of internal controls

During the interim work period, we will identify all significant internal controls (operational and accounting) and make our preliminary determination as to which internal controls are considered relevant and are to be reviewed, evaluated, and tested to comply with the objectives of the Act. We will focus on the types of transactions and related controls that could materially affect the operations of the Assembly, as well as the segregation of duties and operations.

Determination of prior audits or studies to utilize

We will determine the extent that existing work, if any, can be relied upon and utilized by:

- Assessing studies and audits that have been performed and their scope
- Reviewing workpapers of selected studies and audits
- Determining reliance to be placed on this work
- Determining additional audit work to be performed

Completion of detailed audit programs

We will complete our review of the objectives and related controls we have identified for testing and the detailed audit programs for executing our tests for approval by the project manager. The plan will include our determination of significant internal administration and accounting controls to be reviewed, tested, and evaluated. The plan will also include an outline of the specific procedures and types of tests to be performed.

Assessment of Significant Controls

The assessment phase will include our documentation and assessment of the Assembly's established procedures. This phase will include our evaluation of the general control environment and assessment of significant accounting and administrative controls.

- Document the Assembly's general control environment
- Divisional entrance conferences
- Document and assess accounting controls
- Document and assess operations controls

Document the Assembly's general control environment

Our approach includes a thorough review of the Assembly's general control environment. The general control environment is not directly associated with a particular function or transaction; however, it has a significant influence on the design and execution of controls within every function or program.

The following aspects of the general control environment will be documented:

- Organizational structure
- Integrity and ethical values
- Relationship to governing bodies
- Philosophy and operating style
- Organizational structure
- Assignment of authority and responsibility
- Commitment to competence

Since this sets the tone and affects all the various units involved in the internal control audit, we will review the above factors to conclude on the adequacy of the overall framework for planning and implementing objectives and maintaining internal control throughout the Assembly.

Divisional entrance conferences

These meetings will include a review of the objectives and related controls that have been identified for testing. These meetings would include a discussion of any questions or concerns the Assembly unit staff may have in relation to our approach.

Document and assess accounting controls

For the objectives and controls identified at each division we will determine which to test based on our review of the risk of a material weakness. We will consider the volume of transactions, value of transactions, and the complexity of the process. Our documentation of the accounting systems and controls will be accomplished using to the extent possible, existing manuals and documentation within the Assembly, as well as our work performed on the previous internal control audit of the Assembly.

Document and assess operational controls

The review of operational controls is critical to the engagement in that it distinguishes this audit from tests of controls performed in a standard financial statement audit. Our experience in performing this and other Internal Control Audits has given us direct experience in meeting the requirement of auditing and reporting on internal controls under the Internal Control Act. We have previously designed a program for auditing internal controls and reporting on controls. This experience will increase our efficiency and effectiveness.

Testing of Significant Controls

This phase consists of the actual tests of significant controls and provides evidence that controls are functioning as designed. It also includes the evaluations of exceptions and the summarization of audit results. The specific tasks are as follows:

- Design tests of internal controls
- Test significant internal controls
- Assess likelihood of a material error

Design tests of internal controls

We will design the compliance test in the most effective and efficient manner possible. In designing the most effective tests of controls the following concerns will be considered:

- Were the expected procedures performed?
- Were they performed adequately?
- Were they performed by someone with incompatible duties?

Test significant internal controls

Internal control tests will be used to evaluate controls routinely throughout the audit. Test of controls is used to gather evidence indicating whether a control is functioning effectively and achieving its objectives. The evidence of the information's correctness will generally be obtained by re-performance of the control.

We will use one of two methods, or a combination of these methods to test controls over transaction procedures. These methods are described as follows:

- Inquiry and observation
- Inspection of documents, records, and reports and re-performance of certain internal control procedures

In a stronger control environment, the inquiry and observation technique provides persuasive audit evidence as to the design and effectiveness of controls. The inquiry and observation technique will be used to test supervisory controls. In such a test, the person or persons, directly performing the control will be asked to walk the auditor through all steps of the procedure. Many times the inquiry and observation may be performed during our initial documentation of the system, which results in a great time savings. Occasionally, this is the only type of test that is possible.

Inspection of documents and reports will be performed where a documented control exists. Review of documentary evidence, and discussion with the individual performing the control provides sufficient evidence as to the design and effectiveness of the control. The correctness of the information subject to the control is usually tested through re-performance of the control procedure, but may be tested through some other method. If re-performance of the control is necessary, a sample of items will be chosen.

Assess likelihood of material error

The results of our testing directly affect our assessment of the adequacy of the established internal control system. At this point in the engagement we will have concluded on the adequacy of the system design and this final evaluation considers the evidence we will have gathered through the previous steps to determine if the established system is operating effectively.

When a control has not been applied it is referred to as a compliance deviation. The concept of what constitutes a compliance deviation in the circumstances is important and must be carefully considered for each test of a control. This area is highly judgmental; defining the deviation incorrectly can result in an incorrect conclusion on the overall system. Since the purpose of the test of a control is to gather evidence about the effectiveness of the control, all deviations are significant regardless of the dollar amount involved.

The engagement will include the following functional areas of the Assembly:

- Budget
- Personnel
- Training
- Benefits
- Employee Compensation
- Purchase Transactions
- Contracts
- Journal Vouchers
- Postage
- District Office
- Travel Vouchers
- Property and Equipment
- Centralized Data Processing

Significant controls in the scope of the engagement will include, but not be limited to, those in the following departments:

Accounting / Finance Department

- Budget
 - Assembly appropriations are authorized by the Governor.
 - Appropriation transfer memo is authorized by either the Budget Director (between cost categories) or appropriate authorized designee.
 - Appropriation is compared to the expenditures on a regular basis. Any significant variances are brought to the attention of the Director of Administration.
 - Re-appropriations are monitored against the budget of the prior period.
- Employee Compensation
 - Timesheets are completed for all Assembly staff each pay period and are signed by the individual and their time supervisor.
 - When a timesheet is delinquent (not received 35 days after payday), paychecks are withheld unless there are mitigating circumstances.
 - An authorized PAR documents all personnel transactions. Input to the personnel system, based on the PAR generates a T-form. The T-form is the basis for initiating a payroll transactions, which is processed through the Office of the State Comptroller (OSC) payroll system (PAYSERV).
 - All Assembly Members and staff complete an oath of office form.
 - Check distribution lists are generated by Office Automation and Data Processing department (OADP). Payroll compares and reconciles this file to the T-forms and the information attached to the Speaker's Certification.
 - Payroll staff agrees each check/advice received from OSC to the distribution list.
 - Any checks held by the payroll unit are locked in a safe or cabinet with limited access.
 - When an employee picks up a paycheck, that individual must sign for it.
 - Member salaries and special allowances are authorized by law in the legislative budget. Transactions are verified twice before being finalized in the PAYSERV system at OSC.
 - The Speaker's Certification Letter is prepared and attached to the bi-weekly rates, title changes, line changes and appointments obtained from the certified T-forms. This Certification documents authorization, by the Speaker, of payroll transactions sent to OSC.
 - APC056 Ledger Verification Report reconciles the Assembly's personnel system to the PAYSERV payroll system. Exceptions are reviewed and corrected by the finance department.
 - The payroll unit reviews a bi-weekly cost center appropriations balance log for the various payrolls to ensure that the personal service is charged to the appropriate budget line items.

- Journal Vouchers
 - All journal vouchers (error corrections, chargebacks, journal transfers, legislative chargebacks and refund of appropriations) are approved by the appropriate department/unit head and the Director of Finance or designee.
- Postage
 - Postage requisitions forms must be completed and signed to authorize processing through the Assembly's mail room.
 - The Director of Finance or designee reviews and signs the voucher used to increase the postage meter reserve level.
 - Daily, the Finance Department reconciles postage requisition forms to postage meter readings.
- Travel Vouchers
 - The Assembly has established written Travel Policies which are distributed to Members and staff.
 - Request for travel approval (RTAs or MRTAs) are signed by the traveler and approved by a supervisor.
 - MRTAs (where required) for Majority Members are approved by the Speaker. RTAs for Majority Member staff and central staff are approved by the Director of Administration or designee. MRTAs/RTAs (where required) for Minority Members and staff are approved by the Minority Leader or designee.
 - The Finance Department audits travel vouchers for payee name, adherence to guidelines, completeness, accuracy, appropriate signatures, agreement to RTA/MRTA where required, and applicable receipts, and evidences approval on the voucher package.
 - Director of Finance or designee approves each voucher.

Procurement

- Purchase Transactions
 - An item requisition is required for all purchase order related vouchers. The item requisition is reviewed by the Director of Procurement for proper approval.
 - Item requisitions are signed by the Member, Department or Unit head or designee and approved by either the Director of Procurement, the Internal Control Director or the Director of Administration or designee. Item Requisitions initiated by the Director of Procurement are signed by either the Internal Control Director or the Director of Administration.
 - The Director of Finance must sign all item requisitions over \$5,000, indicating budgetary approval.
 - Minority office purchases are approved by the Minority Director of Administration and Personnel or designee.
 - Thresholds are set, within Purchasing procedures, requiring formal and informal bidding and the documentation of vendor selection.

- For single purchases over \$50,000, where bidding is required, at least five written bids are solicited. Where bidding is not required, there is documentation maintained as to the reason why bidding did not take place (e.g. State purchase contract, sole or single source procurement) which is reviewed by either the Director of Procurement, the Internal Control Director or the Director of Administration. All requests for proposal and invitation for bids are reviewed by the Counsel to the Majority before they are issued by the Assembly. All contract awards are reviewed by the Counsel to the Majority and by the Director of Finance for budgetary approval (over \$5,000).
- All purchase order numbers are computer generated in sequential order.
- The Director of Purchasing or designee reviews and approves the purchase order.
- Compliance with the prompt payment law requires the Assembly to pay vendors within 30 calendar days of the Merchandise/Invoice Receipt (MIR) date. This is monitored in the Finance Department as a part of voucher processing. MIR dates are entered into the voucher processing system and exception reports are produced and monitored to prevent late payments.
- For Albany area offices purchase order transactions, receiving personnel physically count the items received and compare the items to the vendor's packing list and shipper's bill of lading, and approve a receiving report which is sent to Purchasing and the Finance Department.
- An inventory receipt form, produced along with the receiving report, is sent with the items to the delivery location specified on the purchase order. This form is signed by the requesting unit to confirm receipt at the delivery location, and a copy is sent back to the Inventory Management Unit.
- For district Office transactions, receipt of goods is verified by the Member's signature on either an inventory receipt form, the voucher or invoice or other supporting documentation.
- The Finance Department audits the voucher package for accuracy, completeness, duplication of payment, and agreement between the purchase order, receiving report or work performance form (receipt of services), invoice and any other supporting documentation and evidences approval on the voucher package.
- Voucher numbers are computer generated in sequential order.
- Director of Finance or designee approves each voucher.
- Voucher data is transmitted electronically to OSC and verified daily. OADP runs a series of daily programs that compare the OSC and Assembly expenditure and payment data. Exception reports are produced by OADP and are reviewed and reconciled daily by the Finance Department.
- Contracts
 - An item requisition is required for all contracts. The item requisition is reviewed by the Director of Procurement for proper approval.
 - Item requisitions are authorized by the Member, Department or Unit head or designee and approved by either the Director of Procurement, the Internal Control Director or the Director of Administration. Item requisitions initiated by the Director of Procurement are authorized by either the Internal Control Director or the Director of Administration.
 - Minority office items requisitions are approved by the Minority Director of Administration or designee.

- For contracts over \$50,000, where bidding is required, at least five written bids are solicited. Where bidding is not required, there is documentation maintained as to the reason why bidding did not take place (e.g. State purchase contract, sole or single source procurement) which is reviewed by either the Director of Procurement, the Internal Control Director or the Director of Administration. All requests for proposals (RFP) and invitation for bids (IFB) are reviewed by the Counsel to the Majority before they are issued by the Assembly. All contract awards are reviewed by the Counsel to the Majority and by the Director of Finance for budgetary approval (\$5,000).
- The contract is signed by either the Director of Procurement, Internal Control Director or Director of Administration. Contracts in excess of \$50,000 are approved by the Attorney General and OSC.
- Contract encumbrances are posted and sent to OSC electronically. Encumbrances are reviewed and reconciled through the Finance Department's daily reporting process.
- Compliance with prompt payment law requires the Assembly to pay vendors within 30 calendar days of the Merchandise/Invoice Receipt (MIR) date. This is monitored in the Finance Department as a part of voucher processing. MIR dates are entered into the voucher processing system and exception reports are produced and monitored to prevent late payments.
- For Albany area offices purchase order transactions, receiving personnel physically count the items received and compare the items to the vendor's packing list and shipper's bill of lading, and prepare and approve the computer generated receiving report which is sent to Purchasing and the Finance Department.
- An inventory receipt form, produced along with the receiving report, is sent with the items to the delivery location. This form is signed by the requesting unit to confirm receipt at the delivery location, and a copy is sent back to the Inventory Management unit.
- For District Office transactions, receipt of goods is verified by the Member's signature on either an inventory receipt form, the voucher or invoice or other supporting documentation.
- The Finance Department audits the contract voucher package for agreement with contract terms, accuracy, completeness, duplication of payment, coverage period, receiving report or work performance form (receipt of services) where applicable, invoice and any other supporting documentation and evidences approval on the voucher package.
- Voucher numbers are computer generated in sequential order.
- Director of Finance or designee approves each voucher.
- Vouchers are electronically posted against the available encumbrance balance.
- Voucher data is transmitted electronically to OSC and verified daily. OADP runs a series of daily programs that compare the OSC and Assembly encumbrance, expenditure and payment data. Exception reports are produced by OADP and are reviewed and reconciled daily by the Finance Department.

- Property and Equipment
 - Inventory is logged into a receiving log at the time it is unloaded at the loading dock.
 - Receiving personnel physically count items received and compare the items to the vendor's packing list and shipper's bill of lading.
 - A receiving report is completed at the time items are counted and inspected. A supervisor reviews all receiving reports for accuracy. Electronic receiving reports are produced whenever possible (PO transactions), otherwise a manual multi-part receiving report form is produced. Receiving reports are distributed to Purchasing and Finance.
 - An inventory receipt form, produced along with the receiving report, is sent with the items to the requesting unit's delivery location. This form is signed by the requesting unit to confirm receipt at the delivery location, and a copy is sent back to the Inventory Management Unit,
 - Equipment and furniture is tagged with an Assembly decal.
 - Based on documented criteria for tracking assets, the Inventory Tracking System is updated, via data from the inventory receipt form, receiving report and purchase order.
 - Data input to the Inventory Tracking System reviewed by the supervisor of Inventory Management utilizing maintenance reports issued by OADP.
 - The written physical inventory plan has the prior approval of the Director of Procurement.
 - Physical inventories are taken at all Albany locations and also at the district and regional offices. The annual inventory plan documents the cycle during which inventories take place. The results of the physical inventory are signed by the Inventory Management Unit and the Member, Department/Unit head or designee.
 - The Director of Procurement signs the Supervisor's summary after the inventory paperwork has been reviewed.

Human Resources

- Personnel
 - Personnel files are established for each appointment (exclude members) upon hiring/appointment.
 - Personnel files include all relevant documentation as required by Personnel procedures.
 - Personnel, Benefit, Time & Attendance files are maintained within the respective units of the Human Resources Department for all Assembly staff and for Members, where required.
 - Personnel Action Request (PAR) is completed for all personnel transactions and approved by the Member or Appointing Authority.
 - PAR data is entered into the personnel system and a T-form is generated. Supervisory review of the transaction and supporting documentation is indicated by electronic approval. Additional review and approval is provided by the Director of Human Resources and by the Director of Minority Administration and Personnel (minority personnel).

- For all terminations, Time and Attendance sends timebank balance information to Personnel to identify sick time to be banked for retirement or transferred to another state agency, and/or vacation time payable. Personnel verified that negative timebank balances are recouped before final paychecks are released.
 - Payroll operates on a log basis which ensures adequate funds available.
 - Assembly Counsel monitors Equal Employment Opportunity issues as well as other applicable laws.
 - All new appointments must file an I-9 (immigration form) for proof of employment eligibility.
- Training
 - On the job training is provided within Departments.
 - Assembly Members and staff are informed of the schedule and subject matter of Assembly training events. This is done through the circulation of announcements, bulletins, schedules, posters, course descriptions, letters, audio-visual material, or any other relevant and effective means. Software training opportunities are published on the Assembly Internet.
- Benefits
 - A mandatory orientation program is conducted for all Albany-based new hires of the Assembly that includes the distribution of the “Employee Information Guide” containing benefit information. The information is mailed directly to their home address for non-Albany based employees.
 - Updates to the Guide are distributed periodically and reprinted in its entirety biannually. Letters are placed in paycheck envelopes or mailed directly to home addresses to publicize changes in benefits.
 - Biweekly, Benefits unit monitors changes in payroll status that impact benefits.
 - Information is entered into the Assembly’s personnel system using the PAR. In addition, there are two levels of supervisory review and approval.

Office Automation and Data Processing

- District Office
 - Each lease is signed by the Assembly’s Administrator Counsel and reviewed by the Attorney General and OSC.
 - For each new lease, the landlord signs a statement attesting that the lease is not with an Assembly Member or Assembly staff or immediate relative, or a Company in which the Assembly Member or Assembly staff or immediate relative has an interest.
 - District office vouchers are reviewed by the Finance Department to ensure that expenditures do not exceed allotted limits, and that the expenditures type appears on a list of allowable expenditures. Voucher processing system edits prevent District Office allotments from being exceeded.
 - Director of Finance or designee approves each voucher.

- Centralized Data Processing
 - Written standards and procedures exist for application development and maintenance and are reviewed and updated at least annually by the Manager of Application Programming.
 - Separate test and production environments are maintained. Development activities are performed in test. Programmers have read-only access to production environment.
 - Requests for new and modifications to custom application software and production programs are made in writing via a user request for programming services form. The users and Centralized Data Processing (CDP) personnel approve this form at key development points.
 - Users are responsible for providing test data.
 - CDP performs unit and systems testing. Parallel testing is used for significant system changes. Test results are retained and used to assist future testing.
 - A migration utility is used to move changes into production. Administrators cross reference program changes to migration reports to the user request forms and verify date and time stamps to ensure only authorized changes are migrated to production. Any discrepancies are communicated to the Director.
 - The Director of CDP reviews all migrations to production, daily.
 - Utilities and compilers are limited to programmers in the development/test environment.
 - System and program documentation is maintained for each application to assist users for maintenance of the systems.
 - Emergency program database and production changes are made by the Manager of Applications using a special user ID when assuming the role of database administrator backup. These changes are handled the same as scheduled changes. The Director of CDP reviews this access monthly.
 - Changes to system software follow vendor recommended installation procedures. All modifications are documented in the Change Management System section of the CDP Procedures.
 - The Director is notified directly of problems with production programs and data files both by the operations staff and end users. Daily, processing problems are logged in the operator log.
 - The computer room is locked and controlled with card key access. All access to the computer room is logged by the card key system. The manager of operations reviews a card key access report that is generated by the system each week and reports his findings to the Director of CDP. The Director of CDP approves all access.
 - All visitors are required to sign in on the visitors log and obtain approval from the Manager of Operations to gain access to the computer room.
 - The tapes and cartridges are catalogued in the tape library log and are kept in the computer room.
 - Programmers are restricted from initiating online transactions via ID security and a customized security system.

- Requests for changes to system access are made in writing by filling out a request form. The form requires Manager of Systems approval. Requests for changes to access custom applications are made in writing using the user access request form. Both forms require Department head approval, and are kept on file within CDP.
- Passwords are assigned to individuals and are changed periodically. Password controls have been defined.
- After a number of failed attempts to access the system, the user ID is deactivated and requires action by the Manager of Systems to reactivate it.
- Periodically, CDP verifies with the department heads, in writing, the appropriateness of user access privileges. Changes are processed on the user access request form.
- Annually, the Manager of Systems reviews user access to verify that access granted is appropriate. The Manager of Systems reports the results to the Director of CDP.
- After each payroll period, the Manager of Applications reviews Human Resources personnel termination and leave date, and data regarding personnel who have changed units to evaluate and ensure appropriate access.
- Access violations are recorded in the system generated operations log and reported to the Manager of Systems for review. System security is controlled through RACF security software. The security environment is administered solely by the systems programming staff.
- Changes to RACF security access are made only by the systems staff, except for the ability of programmers to control access to their own files.
- Application passwords for end users may be changed by the operations staff upon receipt of a request via email from the OAPP Help Desk. The temporary password assigned by Operations is then changed by the user upon log-in.
- Shift supervisors compare the daily log to the scheduled production and the non-scheduled production to verify that only authorized production occurred. The Manager of Operations approves the daily log.
- Specific jobs are documented in the operators run schedule for each day's processing approved by the Manager of Operations.
- Any additions/deletions/modifications, including one-time production program execution, to the operator's run schedule are requested via a user request for services form and documented on the daily log.
- Application problems are identified by end users or programmers via the user request form.
- All computer hardware, protection systems, power systems, and environment control systems are maintained and inspected routinely. The Manager of Operations documents any issue with computer hardware in accordance with the Problem Management section of the CDP manual.
- A contingency plan for disaster recovery exists. Fire and emergency procedures are documented and communicated to operations.
- Daily files are backed up nightly and are secured and stored in a fireproof safe. Weekly and monthly backup tapes are rotated off-site. Weekly tapes are maintained off-site for six weeks, monthly tapes are maintained offsite for three months.
- System software recovery procedures exist and are tested periodically to determine recovery of data in the event of hardware/software malfunction.

Reporting

The reporting phase represents the culmination of the audit process. This phase will end with the delivery of the final report and communication of opportunities to improve the system of internal control. This phase is structured as follows;

- Exit conference
- Communication of opportunities to improve the system of internal control
- Preparation of draft report
- Preparation of final report

IDENTIFICATION OF CONCERNS OR PROBLEM AREAS ANTICIPATED

Based on our engagement team's vast experience and in-depth knowledge of governmental organizations, and after a detailed review of the request for proposal and scope of services to be provided, we do not currently anticipate any audit problems and are confident that the services requested by the New York State Assembly can be delivered in a timely fashion in accordance with the fee structure as outlined in our cost proposal which has been submitted separately.

As required by professional standards, we will ensure that the Assembly will be informed of the following:

- The Auditors' responsibility under auditing standards generally accepted in the United States of America
- The Auditors' responsibility under Government Auditing Standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

DELIVERABLES

The EFPR Group, CPAs, PLLC has the resources available to meet the Assembly's timelines as follows:

- Detailed audit plans and programs would be provided to the Assembly by September 6, 2019.
- The fieldwork for this engagement would be substantially completed by October 31, 2019.
- A draft of the audit report would be provided to the Assembly Internal Control Officer by November 15, 2019.
- The final report would be delivered to the Speaker of the New York State Assembly by December 13, 2019.

QUALITY ASSURANCE

The EFPR Group, CPAs, PLLC maintains an internal Quality Control System, which is reviewed during our Peer Review every three years, that forbids all employees from disclosing to anyone outside of our firm any confidential client information obtained in the course of any engagement unless the disclosure is authorized by the client.

In addition, our Firm's Quality Control Document states the following:

"Any transaction, event, circumstance, or action that would impair independence or violate the firm's relevant ethical requirements policy on an audit, attestation, review, compilation engagement, or other services subject to the standards of the AICPA Auditing Standards Board or the AICPA Accounting and Review Services Committee (as required under Rules 201 and 202) is prohibited."

Engagement Performance and Documentation

It is the Firm's policy that all engagements be properly planned, performed, supervised, reviewed, documented, and reported or communicated in accordance with the requirements of professional standards, regulatory and legal requirements, and the Firm. In this regard, the procedures listed below are followed by all personnel assigned to those engagements:

1. The Firm's engagement performance quality control steps are documented in the Firm's engagement performance bridging documents. The Firm maintains separate bridging documents for audit, attestation, and compilation and review services. The use of such bridging documents facilitates consistency in the quality of engagement performance and application of engagement procedures.
2. The responsibilities of the engagement team for implementing the Firm's Quality Control steps are indicated on the engagement performance bridging documents.
3. Certain steps in the Firm's system of engagement performance Quality Control steps are not applicable or are optional for some engagements. The engagement performance bridging documents indicate the applicability of each step to the particular type of engagement.
4. The Firm uses numerous checklists, work programs, report examples, and other practice aids to implement its engagement performance Quality Control steps. These practice aids are documented on the engagement performance bridging documents.
5. The Firm complies with time limits established by professional standards, and laws and regulations that address the assembly of final engagement files for specific types of engagements.
6. The Firm retains engagement documentation for a period of time sufficient to meet the needs of the Firm, professional standards, and laws and regulations. Any uncertainties regarding the retention of engagement documentation are addressed with the assistance of firm legal counsel and insurance carriers, as appropriate.
7. The Firm protects the confidentiality, custody, integrity, accessibility, and retrievability of engagement documentation through staff training regarding client confidentiality rules and adequate and appropriate controls over the custody, integrity, accessibility, and retrievability of the Firm's engagement documentation, including electronic information systems controls.

The Firm adopts and integrates within its quality control system the use of Practitioners Publishing Company's (PPC) accounting and auditing manuals and practice aids as more fully described in the engagement performance bridging documents. The Firm's Quality Control document, the PPC manuals, and any other practice aids used by the Firm are intended solely to assist us in achieving compliance with professional standards. Accordingly, nothing within the Firm's Quality Control document should be construed as requiring a higher level of performance or documentation than the minimum specifically required by our Firm's Quality Control policies and procedures, nor to override the exercise of professional judgment.

Engagement Quality Control Review

It is the Firm's policy to evaluate all engagements against criteria established by the Firm to determine whether an engagement quality control review should be performed, and to perform an engagement quality control review for all engagements that meet these criteria. Engagement quality control reviews are completed before the report is released. The Firm ensures compliance with this procedure by implementing the following procedures:

1. The Firm establishes criteria for performance of an engagement quality control review (EQCR). In establishing such criteria the Firm considers:
 - a. The structure and nature of the Firm's practice.
 - b. The nature of the engagement, including whether it involves a matter of public interest.
 - c. Whether unusual circumstances or risk have been identified relating to the engagement, engagement service type, or industry.
 - d. Whether laws or regulations require an engagement quality control review to be performed.
2. The Firm establishes a different set of criteria for each major type of service provided (i.e., compilations, reviews, audits, and attestation engagements). All engagements are evaluated against the established criteria. An engagement quality control review is performed for all engagements that meet the established criteria. If no engagements meet the criteria established by the Firm for EQCR, no reviews are required to be performed.
3. The Firm may periodically make changes to the established criteria based on changes in the Firm's practice.
4. Based on the current composition of the Firm's accounting and auditing engagements, the Firm has concluded that engagement quality control review should be performed for audit engagements. Reviews and compilations are not required to have engagement quality control review performed.
5. Performing an engagement quality control review includes the following procedures:
 - a. An objective evaluation of significant judgments made and the conclusions reached in formulating the report.
 - b. Reviewing for appropriateness the resolution and conclusions reached regarding differences of opinion and matters requiring consultation.
 - c. Considering the evaluation of the Firm's and the engagement team's independence in relation to the specific engagement.
 - d. Reading the financial statements or other subject matter information and the report and considering whether the report is appropriate.
 - e. A review of selected engagement documentation relating to the significant judgments and the conclusions reached.
 - f. A discussion with the engagement shareholder about significant findings and issues.
 - g. The EQCR may be conducted at various stages throughout the engagement to ensure that significant issues may be resolved to the reviewer's satisfaction before the report is released.
 - h. The extent of the EQCR may depend upon, among other things, the complexity of the engagement and the risk that the report might not be appropriate in the circumstances.

FORM OF REPORT TO BE PROVIDED

The EFPR Group, CPAs, PLLC will identify and test all of the significant areas of internal controls of the Assembly in accordance with Generally Accepted Government Auditing Standards (GAGAS). As part of our engagement we will issue a report on the Assembly's system of internal controls in effect during a 90-day period. The report will include an opening paragraph, report body, and any findings (if applicable). Please see Appendix E for a sample report our Firm anticipates using related to the engagement.

STAFF HOURS

Upon receiving notice of appointment as auditors, we will meet with representatives of the Assembly and establish a definite time program for the performance of our services. The time program will be established to ensure that work is efficient and structured in such a way as to avoid disrupting the day-to-day routine duties of the Assembly staff. The time program will follow the calendar of events as detailed in the request for proposal. A schedule of the projected hours by deliverable is detailed as follows. It is anticipated that the majority of services will be performed at the Assembly offices in Albany, New York (on-site).

<u>Deliverable</u>	<u>Hours</u>
Detailed audit plan	20
Fieldwork and meetings	410
Draft audit report	20
Final audit report	<u>10</u>
	<u>460</u>

USE OF SUBCONTRACTORS

The EFPR Group, CPAs, PLLC currently anticipates performing all services under this proposal in-house. However, the firm is willing to work with a women-owned and/or minority-owned accounting firm if required by the Assembly, selected by the EFPR Group, CPAs, PLLC or the New York State Assembly. Upon request of the Assembly, our Firm would arrange a subcontracting agreement with the selected accounting firm and would utilize the subcontractor's qualified personnel as staff accountants on the engagement.

INDEPENDENCE

The EFPR Group, CPAs, PLLC is independent of the New York State Assembly as defined by generally accepted auditing standards and U.S. Government Accountability Office (GAO)'s Government Auditing Standards. Accordingly, no relationship exists between the EFPR Group, CPAs, PLLC and the Assembly or any of its employees, Board members or with any person or agency that constitutes a conflict of interest with respect to the Assembly.

OTHER SIGNIFICANT INFORMATION

- Technology - All of our field staff are equipped with laptop computers and have access to various software packages and databases (e.g. data extraction software, flowchart software, Microsoft Office, etc.) and other electronic means to ensure that the audit is performed in the most efficient manner.

- Affirmative Action - The EFPR Group, CPAs, PLLC is an equal opportunity employer and as such possesses a firm commitment to affirmative action and to hiring only the best-qualified candidates regardless of gender or ethnic origin. Our Firm does not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, age, disability or marital status.
- Continuing Education - With regard to continuing professional education, each of our staff members is required to complete an annual minimum of 40 hours of continuing education programs approved by the American Institute of Certified Public Accountants. Additionally, since we perform audits in accordance with Government Auditing Standards (over 350 each year), our staff members must complete at least 24 of the 80 hours (over a two-year period) of continuing education in subjects directly related to the government environment and government auditing.

* * * * *

We would consider it a distinct privilege to provide professional services as outlined in this letter or any additional services you may desire. Please contact us if you have any questions regarding this letter.

A copy of this letter is enclosed; if the terms of this proposal are satisfactory to you please sign the copy and return it to me at your convenience.

ACCEPTED:

EFPR GROUP, CPAs, PLLC

NEW YORK STATE ASSEMBLY

By: 

 Douglas E. Zimmerman, CPA
 Partner

By: _____

Date: May 6, 2019

Date: _____

Appendix A

**Detailed Resumes of Key Members of the
Firm's Government Audit Practice Group**

Business Entity Information *

05/06/2019

Name : EFPR GROUP CPAS PLLC
Street Address :
280 KENNETH DRIVE
SUITE 100
ROCHESTER, NY 146230000

Business Entity : Professional Service Limited Liability Company
Company ID# : 109311
Initial Filing Date : 07/07/15
Current Through : 06/30/21

Members/Managers : Click on license number link to the left of professional's name for detailed information.

[038865](#) MCNAMARA TIMOTHY J -
[041677](#) LEISNER JAMES K -
[045109](#) VENISKEY DAVID P -
[045346](#) KELLNER CRAIG S -
[046154](#) KEHM JOSEPH JAMES -
[052478](#) JACOB MARK D -
[052816](#) KLIMEK JOSEPH M -
[059290](#) HEALY SCOTT L -
[060798](#) ZIMMERMAN DOUGLAS EDWARD -
[063844](#) DAVIS RICHARD JAMES -
[066232](#) HILL KEVIN CURTIS -
[066732](#) DILUIGI MARIO -
[068473](#) KRUCHER RICHARD ARTHUR -
[069897](#) MARASCO JAMES IMMANUEL -
[078580](#) OSBORN KELLY ANN -
[080111](#) WILLIAMS ROBERT JAMES -
[081297](#) TOMEI VINCENT JAMES III -
[081335](#) COHEN JULIE ANN -
[083963](#) DOODY MICHAEL ROBERT -
[090478](#) JOHNSTON CHRISTOPHER MICHAEL -
[102080](#) SCHRADER BRETT RUSSELL -

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Douglas E. Zimmerman, CPA
Partner

Doug has over 32 years of public accounting experience. He currently functions as a Partner of the EFPR Group, CPAs, PLLC and has responsibility for providing audit, accounting and consulting services for numerous governmental organizations.

Doug received a Bachelor of Science degree in Accounting from State University of New York College at Geneseo in 1986. He was licensed in New York State as a Certified Public Accountant in 1989 and in the State of Florida in 2015.

Professional Affiliations and Community Affiliations

American Institute of Certified Public Accountants (AICPA)
New York State Society of Certified Public Accountants (NYSSCPA)



PRACTICE AREAS

Governmental Accounting
Higher Education
Nonprofit

EDUCATION

SUNY Geneseo – B.S., Accounting,
1986

CONTACT

PHONE (716) 634-0700

FAX (716) 634-0764

E-MAIL

dzimmerman@efprgroup.com

License Information *

05/06/2019

Name : ZIMMERMAN DOUGLAS EDWARD

Address : RUSHVILLE NY

Profession : CERTIFIED PUBLIC ACCOUNTANCY

License No: 060798

Date of Licensure : 03/29/1989

Additional Qualification : Not applicable in this profession

Status : REGISTERED

Registered through last day of : 08/20

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- Use your browser's back key to return to licensee list.
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- Note: The Board of Regents does not discipline *physicians(medicine)*, *physician assistants*, or *specialist assistants*. The status of individuals in these professions may be impacted by information provided by the NYS Department of Health. To search for the latest discipline actions against individuals in these professions, please check the New York State Department of Health's [Office of Professional Medical Conduct](#) homepage.



Joseph M. Klimek, CPA
Partner

Joe has over 39 years of public accounting experience. He currently functions as a Partner of the Firm and has responsibility for providing audit, accounting and consulting services for numerous governmental organizations.

Joe received a Bachelor of Science degree in Accounting from State University of New York College at Buffalo in 1979. He was licensed in New York State as a Certified Public Accountant in 1983.

Professional Affiliations and Community Affiliations

American Institute of Certified Public Accountants (AICPA)
New York State Society of Certified Public Accountants (NYSSCPA)
**serves on the Government Accounting and Audit Committee*
Government Finance Officers Association



PRACTICE AREAS

Governmental Accounting
Higher Education
Nonprofit

EDUCATION

SUNY Buffalo – B.S., Accounting,
1979

CONTACT

PHONE (716) 634-0700

FAX (716) 634-0764

E-MAIL

jklimek@efprgroup.com

License Information *

05/06/2019

Name : KLIMEK JOSEPH M

Address : E AMHERST NY

Profession : CERTIFIED PUBLIC ACCOUNTANCY

License No: 052816

Date of Licensure : 01/14/1986

Additional Qualification : Not applicable in this profession

Status : REGISTERED

Registered through last day of : 12/20

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Anthony C. Pezzino, CPA
Manager

Anthony has over 13 years of public accounting experience. He currently functions as a Manager and has responsibility for providing audit, accounting and consulting services for numerous governmental organizations.

Anthony received a Bachelor of Science degree in Accounting from D'Youville College in 2005. He was licensed in New York State as a Certified Public Accountant in 2016.

Professional Affiliations and Community Affiliations

American Institute of Certified Public Accountants (AICPA)
New York State Society of Certified Public Accountants (NYSSCPA)



PRACTICE AREAS

Governmental
Nonprofit
Construction and Real Estate

EDUCATION

D'Youville College – B.S.,
Accounting, 2005

CONTACT

PHONE (716) 634-0700

FAX (716) 634-0764

E-MAIL

apezzino@efprgroup.com

License Information *

05/06/2019

Name : PEZZINO ANTHONY CHARLES

Address : KENMORE NY

Profession : CERTIFIED PUBLIC ACCOUNTANCY

License No: 120976

Date of Licensure : 03/31/2016

Additional Qualification : Not applicable in this profession

Status : REGISTERED

Registered through last day of : 10/21

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- Note: The Board of Regents does not discipline *physicians(medicine)*, *physician assistants*, or *specialist assistants*. The status of individuals in these professions may be impacted by information provided by the NYS Department of Health. To search for the latest discipline actions against individuals in these professions, please check the New York State Department of Health's [Office of Professional Medical Conduct](#) homepage.



Michael C. Redmond, PhD, PMP, CEM, MBCP, FBCI, ISO
Lead Strategic Consultant

Michael C. Redmond is Lead Strategic Consultant for EFPR Group's Information Technology Consulting division. She is also a recognized International IT Consultant, Auditor, Speaker, Author, and Trainer.

Her consulting and auditing experiences includes HIPAA, Organizational Resilience, Cyber/Information Security, Business Continuity, Disaster Recovery, High Availability and ISO for clients in the Healthcare, Insurance, Financial and Manufacturing sectors. She has held executive management positions at Deloitte, KPMG, Chubb Services and Redmond Worldwide.

Michael spent four years on active duty with the U.S. Army and an additional 17 years in the National Guard and Reserves. Her assignments include Company Executive Officer, Public Relations Officer and Company Commander. She retired at the rank of Major.

Michael has two books being published in 2017; one on Cyber Security and the second on Business Continuity & Disaster Recovery.

She is certified in Project Manager (PMP), Business Continuity Management (MBCI) and (FBCI) Emergency Management (CEM). Michael is certified as a Lead Implementer for: ISO/IEC 27001 Information Security Management, ISO/IEC 27032 Lead Cyber Security Manger, ISO/IEC 27035 Security Incident Response, ISO/IEC 22301 Business Continuity Management Systems, ISO/IEC 21500 Lead Project Manager, ISO/IEC 41001 Environmental Management She is certified as a Lead Auditor for: ISO/IEC 27001 Information Security Management, ISO/IEC 22301 Business Continuity Management Systems, ISO/IEC 41001 Environmental Management. Michael has a strong Compliance background. She is up to date on ISO, HIPAA, DFS, SOC 1&2, CMS, FFIEC and more. Michael is a certified instructor for ISO Certification classes.

Professional and Community Affiliations

Eastern Great Lakes Chapter of Association of Continuity Professionals,
Board Member
Contingency Planners Association, *Member*
Information Systems Security Association, *Member*
ISACA. Information Systems Audit and Control Association, *Member*



PRACTICE AREAS

IT Auditing & Compliance Reviews
Governance, Risk & Compliance
Cyber Security Reviews, Consulting,
Programs, Plans, Playbooks,&
Incident Response Planning
Business Continuity Management
Disaster Recovery
Organizational Resiliency

INDUSTRY

Finance, Health Care, Insurance
Manufacturing, Not For Profit

EDUCATION

PhD, Psychoneurology
(Crisis Psychology)
Fordham University
M.B.A.
American Institute of Banking
Advanced Masters Certificate
Marymount Manhattan College
B.A., Communication Arts &
Management
US Army Command & General Staff
College
Received GS 12 Rating,
Organizational Effectiveness

CONTACT

PHONE (585) 340-5187
FAX (585) 340-5287
EMAIL mredmond@efprgroup.com

Sara G. Menth
Senior Accountant

Sara has over five years of public accounting experience. She currently functions as a Senior Accountant of the Firm and has responsibility for providing audit, accounting and consulting services for numerous governmental organizations.

Sara received a Bachelor of Science degree in Business Administration from State University of New York College at Buffalo in 2013.



PRACTICE AREAS

Governmental Accounting
Nonprofit

EDUCATION

SUNY Buffalo – B.S., Business
Administration, 2013

CONTACT

PHONE (716) 634-0700

FAX (716) 634-0764

E-MAIL

smenth@efprgroup.com

Appendix B

Partial Government Client List

PARTIAL LISTING OF GOVERNMENTAL
ORGANIZATIONS WHICH ARE OUR CLIENTS

- Allegany County Land Bank
- Amagansett Union Free School District
- * Amsterdam Housing Authority
- * Athens Area School District
- Barnard Fire District
- * Berkshire Union Free School District
- Binghamton-Johnson City Joint Sewage Board
- * BLaST Intermediate Unit 17
- Blind Brook-Rye Union Free School District
- Borough of Sayre
- Borough of South Waverly
- * Brentwood Union Free School District
- Brighton Fire District
- Broome County Land Bank Corporation
- Carmel Central School District
- * Canton Area School District
- * Canton Housing Authority
- Cayuga Tobacco Asset Securitization Corporation
- Central Falls School District
- Chemung County Capital Resource Corporation
- Chemung County Property Development Corporation
- Chemung Tobacco Asset Securitization Corporation
- * City of Amsterdam
- * City of Beacon
- City of Buffalo Police Department
- City of Buffalo Urban Renewal Agency
- * City of Destin
- City of Dunkirk Housing Authority
- * City of Oneonta Housing Authority
- City University of New York (CUNY)
- * County of Allegany
- * County of Chemung
- * County of Cortland
- * County of Delaware
- * County of Lewis
- County of Monroe Industrial Development Agency d/b/a Imagine Monroe
- * County of Orleans
- * County of Saratoga

* Audit conducted in compliance with the provisions of Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

PARTIAL LISTING OF GOVERNMENTAL
ORGANIZATIONS WHICH ARE OUR CLIENTS

- * County of Washington
 - Deferred Compensation Plan for the Employees of Chemung County
 - Deferred Compensation Plan for the Employees of Delaware County
 - Deferred Compensation Plan for the Employees of Lewis County
 - Deferred Compensation Plan for the Employees of the Town of Huntington
 - Deferred Compensation Plan for the Employees of the Town of Union
 - Dental Care Center State University of New York at Stony Brook
 - Dutchess County Soil and Water Conservation District
- * East Hampton Union Free School District
- * East Quogue Union Free School District
- * Empire State Development Corporation
 - Fire District No. 1 - Town of Elmira
 - Fire District No. 3 of the Town of Plattsburgh
 - Fishers Island Ferry District
 - Fishers Island Union Free School District
 - Fort Montgomery Fire District
 - Genesee Tobacco Asset Securitization Corporation
- * Geneva Housing Authority
- * Glen Cove Industrial Development Agency
- * Glen Cove Community Development Agency
- * Gloversville Housing Authority
 - GLOW Region Solid Waste Management
 - Greenwood Lake Joint Fire District
 - HealthSource RI Trust
- * Harlem Community Development Corporation
- * Hempstead Union Free School District
 - Henrietta Fire District
- * Herkimer Housing Authority
- * Hudson River Park Trust
- * Ilion Housing Authority
 - Islip Resource Recovery Agency
- * Ithaca Housing Authority
 - Lake Champlain-Lake George Regional Planning Board
 - Land Reutilization Corporation of the Capital Region
 - LeRoy Fire District
- * Lower Manhattan Development Corporation
 - Monroe County Soil and Water Conservation District
 - Nassau County Deferred Compensation Plan

* Audit conducted in compliance with the provisions of Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

PARTIAL LISTING OF GOVERNMENTAL
ORGANIZATIONS WHICH ARE OUR CLIENTS

- New York City Administration for Children's Services
- New York City Department of Social Services
- New York City Department for the Aging
- New York City Department of Citywide Administrative Services
- New York City Department of Health and Mental Hygiene
- New York City Department of Homeless Services
- New York City Department of Probation
- New York City Human Resources Administration
- New York City Tax Lien Trusts (four trusts)
- * New York Convention Center Development Corporation
- * New York Empowerment Zone Corporation
- * New York Job Development Authority
- New York State Assembly
- New York State Affordable Housing Corporation
- New York State Bridge Authority
- New York State Dairy Promotion Order
- * New York State Department of Taxation and Finance
- New York State Department of Transportation
- New York State Division of the Budget
- New York State Executive Chamber
- New York State Fair
- New York State Homeless Housing Assistance Corporation
- New York State Legislative Bill Drafting Commission
- New York State Office for People With Developmental Disabilities
- New York State Office of Alcoholism and Substance Abuse Services
- New York State Office of the State Comptroller
- New York State Office of General Services
- New York State Senate
- New York State Unified Court System
- * New York State Urban Development Corporation
- * Newark Housing Authority
- * Niagara Falls Water Board
- Niagara Wheatfield Central School District
- * Northeast Bradford School District
- Northern Tier Career Center
- * Ogdensburg Bridge and Port Authority
- Ontario County Industrial Development Agency
- * Orleans County Industrial Development Agency

* Audit conducted in compliance with the provisions of Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

PARTIAL LISTING OF GOVERNMENTAL
ORGANIZATIONS WHICH ARE OUR CLIENTS

- * Oysterponds Union Free School District
 - Palisades Interstate Park Commission New Jersey Section and New York Section
 - Pine Hill Fire District No. 5
 - Quassaick Bridge Fire District
 - Remsenburg-Speonk Union Free School District
- * Rhinebeck Central School District
- * Rhode Island Housing
 - Ridge Culver Fire District
- * Rome Housing Authority
- * Rockville Centre Union Free School District
- * Roosevelt Island Operating Corporation
- * Roosevelt Union Free School District
- * St. Johnsville Housing Authority
- * Sachem Central School District
 - Sales Tax Asset Receivable Corporation
- * Sayre Area School District
 - Sayre Public Library
- * Scarsdale Union Free School District
- * Seneca Nation Housing Authority
 - South Waverly Municipal Authority
- * Southern Tioga School District
 - Starpoint Central School District
 - Steuben County Economic Development Corporation
 - Steuben County Industrial Development Agency
 - Suffolk County 401(a) Terminal Pay Plan
 - Suffolk County Department of Public Works
- * Syracuse Housing Authority
- * Three Village Central School District
 - Tobacco Settlement Financing Corporation
- * Towanda Area School District
 - Town of Alexandria
 - Town of Bergen
 - Town of Canandaigua
- * Town of Campbell
 - Town of Clarkson
- * Town of Cortlandt
 - Town of Elmira
 - Town of Erwin

* Audit conducted in compliance with the provisions of Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

PARTIAL LISTING OF GOVERNMENTAL
ORGANIZATIONS WHICH ARE OUR CLIENTS

- Town of Gates
- * Town of Hannibal
- Town of Hempstead Sanitary District Number Seven
- Town of Lumberland
- * Town of Malta
- Town of Parma
- Town of Plattsburgh
- * Town of Sterling
- * Town of Southeast
- Town of Ulster
- Town of Union
- * Town of Webb
- Town of Wellsvills
- * Town of Woodhull
- * Ulster County Community College
- University at Albany Athletics Department
- Valley Joint Sewer Authority
- * Vernon-Verona-Sherrill Central School District
- Village of Bergen
- Village of Bloomfield
- Village of Canajoharie
- Village of Clayton
- Village of Cold Spring
- * Village of Delhi
- * Village of Greenwich
- Village of Montebello
- Village of Warwick
- Walworth Fire District No. 1
- Washingtonville Central School District
- Water Authority of Great Neck North
- * Watershed Agricultural Council of the New York City Watersheds, Inc.
- * Watertown Housing Authority
- Wayne County Civic Facility Development Corporation
- Wayne County Industrial Development Agency
- West Genesee Central School District
- * William Floyd Union Free School District
- Williamsville Central School District

* Audit conducted in compliance with the provisions of Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

Appendix C

Peer Review Letter



Greensburg Office
 Charles A. Deluzio, CPA
 Jeffrey P. Anzovino, CPA, MSA
 Joseph E. Petrillo, CPA
 Stacey A. Sanders, CPA, CSEP
 Lisa M. Altschaffl, CPA

Pittsburgh Office
 Kay L. Stonemetz, CPA, JD
 Daniel W. Wilkins, CPA

Report on the Firm's System of Quality Control

To the Partners of EFPR Group, LLP
 and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of EFPR Group, LLP (the firm) in effect for the year ended November 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Single Audit Act, audits of employee benefit plans and an examination of service organizations (Service Organization Control SOC 1) engagement.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of EFPR Group, LLP in effect for the year ended November 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. EFPR Group, LLP has received a peer review rating of pass.

Deluzio & Company LLP

Deluzio & Company LLP
 May 30, 2017



Appendix D

Required Forms

BID FORM 2

To be Submitted with Technical Proposal
New York State Assembly Request for Proposals (RFP)
NYS ASSEMBLY PROFESSIONAL AUDITING SERVICES

1. Provide a statement of experience in providing similar services.

Our firm has extensive experience in performing internal control audits of New York State Agencies in accordance with the New York State Governmental Accountability, Audit and Internal Control Act. We have performed the internal control audits of New York State Division of the Budget, New York State Office of the State Comptroller, New York State Executive Chamber, New York State Assembly, New York State Senate, New York State Unified Court System, and New York State Legislative Bill Drafting Commission.

2. Provide the names and work to be performed by any subcontractors, if applicable.

Our Firm currently anticipates performing all services under this proposal in-house. However, the firm is willing to work with a minority-owned and/or women-owned accounting firm if requested by the Assembly.

3. Provide a list and fully explain any findings of non-responsibility within the past four (4) years by any government entity, including but not limited to (i) impermissible contacts or other violations of State Finance Law sections 139-j and 139-k and (ii) the intentional provision of false or incomplete information to a governmental entity.

The EFPR Group, CPAs, PLLC has not had any findings of non-responsibility within the past four (4) years by any government entity, including but not limited to (i) impermissible contacts or other violations of State Finance Law section 139-j and 139-k and (ii) the intentional provision of false of incomplete information to a governmental entity.

COMPANY NAME: EFPR Group, CPAs, PLLC



AUTHORIZED SIGNATURE

May 6, 2019

DATE

Douglas E. Zimmerman, CPA

PRINTED NAME

Partner

OFFICIAL TITLE

BID FORM 3

To be Submitted with Technical Proposal
New York State Assembly Request for Proposals (RFP)
NYS ASSEMBLY PROFESSIONAL AUDITING SERVICES

1. Provide names of Officers, Directors, or key employees of the firm who are employed by New York State.
None of EFPR Group, CPAs, PLLC's Officers, Directors, or key employees are employed by New York State.

2. Provide name(s) of State Employees who directly own interest of ten percent or more of the firm's business.
There are no State Employees who directly own interest of ten percent or more of the firm's business.

3. Provide a list and fully explain firm's professional relationships (not disclosed elsewhere within the firm's proposal) involving the State or any of its agencies for the past five (5) years.
The EFPR Group, CPAs, PLLC provides audit and related services to various New York State Agencies listed in Appendix B of our proposal. Our Firm does not believe that having provided audit and related services to the Agencies would, in any way, constitute a conflict of interest relative to performing the proposed internal control audit of the Assembly.

4. Provide a list and fully explain any other potential conflicts of interest.
The EFPR Group, CPAs, PLLC is independent of the New York State Assembly as defined by generally accepted auditing standards and U.S. Government Accountability Office (GAO)'s Government Auditing Standards. Accordingly, no relationship exists between the EFPR Group, CPAs, PLLC and the Assembly or any of its employees, Board members or with any person or agency that constitutes a conflict of interest with respect to the Assembly.

COMPANY NAME: EFPR Group, CPAs, PLLC



AUTHORIZED SIGNATURE

May 6, 2019
DATE

Douglas E. Zimmerman, CPA
PRINTED NAME

Partner
OFFICIAL TITLE

BID FORM 4

To be Submitted with Technical Proposal

New York State Assembly Request for Proposals (RFP)
NYS ASSEMBLY PROFESSIONAL AUDITING SERVICES

By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies its own organization, under penalty of perjury, that to the best of his/her knowledge and belief as follows:

1. The bidder has and has implemented a written policy addressing sexual harassment prevention in the workplace and provides annual sexual harassment prevention training to all of its employees. Such policy shall, at a minimum, meet the requirements of section two hundred one-g of the labor law.
2. The prices of this bid have been arrived at independently without collusion, consultation, communication or agreement for the purpose of restricting competition, as to any matter relating to such prices with any other bidder nor with any competitor.
3. Unless otherwise required by law, the price which have been quoted in this bid have not knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to opening, directly or indirectly, to any other bidder or to any other competitor; and
4. No attempt has been made or will be made by the bidder to induct any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition.
5. Bidders affirm compliance with the Procurement Lobbying provisions of State Finance Law sections 139-j, 139-k and 165-a and certify that all information provided to the Assembly is complete, true and accurate with regard to prior non-responsibility determinations within the past four (4) years.

COMPANY NAME: EFPR Group, CPAs, PLLC

ADDRESS: 6390 Main Street, Suite 200
Williamsville, New York 14221

TELEPHONE: (716) 634-0700 **FAX:** (716) 634-0764

FED I.D. #: 47-4526160



AUTHORIZED SIGNATURE

May 6, 2019

DATE

Douglas E. Zimmerman, CPA

PRINTED NAME

Partner

OFFICIAL TITLE

Appendix E

Sample Report

STATE OF NEW YORK



Internal Control Report

October 1, 2017 through September 30, 2018



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* * * * *

INDEPENDENT ACCOUNTANTS' REPORT

Director [REDACTED]
[REDACTED]
State of New York:

We have examined management's assertion included in its representation letter dated October 4, 2018 that the New York State [REDACTED]'s internal controls maintained during the period October 1, 2017 through September 30, 2018, are sufficient 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 [REDACTED]'s management is responsible for maintaining internal controls. Our responsibility is to express an opinion on whether internal control is adequate to meet such criteria 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 Government Auditing Standards, issued by the Comptroller General of the United States and, accordingly, included obtaining an understanding of internal controls over accounting and administrative operations, testing, and examining the design and operating effectiveness of the internal controls, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination did not constitute an audit of any financial statement prepared by the New York State [REDACTED], nor did it constitute an economy and efficiency or program audit described by the Government Auditing Standards.

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 [REDACTED] 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." In our opinion, based on this understanding and on our examination, the New York State [REDACTED]'s internal controls maintained during the period October 1, 2017 through September 30, 2018, are sufficient, in all material respects, to meet the criteria established by the "New York State Governmental Accountability, Audit and Internal Control Act," based upon such criteria.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 4, 2018

INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To approve budget journals which allocate funds in accordance with the enacted budget, the State's Financial Plan, and the purpose for which the funds were appropriated, as defined by law and appropriation language.

RELEVANT CONTROLS

- Approp - Examiners prepare and submit a budget journal to their supervisor to reserve appropriation, as necessary.
- Approp - Supervising examiner reviews the budget journal to reserve appropriation and submits to section head or unit chief.
- Approp - Section head or unit chief approves (rejects) or modifies the budget journal to reserve appropriation.
- Cash - Examiners prepare and submit a budget journal to their supervisor to establish a ceiling, as necessary.
- Cash - Supervising examiner reviews the budget journal to establish a cash ceiling and approves.

* * * * *

INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To identify significant variations between actual cash receipts and disbursements and the estimates included in the Financial Plan.

RELEVANT CONTROLS

- Examiner and section head compare actual receipts and disbursements to projections on a monthly basis and identify significant variations.
- Examiner and section head analyze and obtain explanations for the variations.
- On a daily basis, an operations summary is prepared which recaps actual general fund receipts and disbursements compared to daily cash flow projections and provided to the Expenditure/Debt Unit (ETU) and Revenue Unit.
- The monthly cash flow report is prepared by ETU staff, reviewed by the section head(s) and submitted to the assistant unit chief and unit chief for review. It may also be submitted to the budget director.
- Monthly cash flows for the general fund are maintained and revised quarterly in conjunction with Financial Plan updates.

* * * * *

INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To monitor debt issuance/bonding consistent with the requirements of capital disbursements.

RELEVANT CONTROLS

- Examiner reviews estimates of capital disbursements submitted by State agencies, authorities, and public benefit corporations, and, with representatives of the Office of the State Comptroller (OSC) and the bonding entity, sets up the bonding schedule.
- Examiner ensures that the bonding plan is on schedule to be presented to the Board of Directors of the Public Authority and the Public Authorities Control Board for their approval or disapproval.
- Examiner prepares or revises material to be in the Official Statement. Source documents used include the State's Financial Plan, State's annual report, previous Official Statements, and New York City reports, if applicable.
- Section head reviews Official Statement support and with the examiner meets with OSC staff, bond underwriters, bond counsel and rating agencies to understand and confirm the specific bonding requirements.
- The Official Statement is sent to the rating agencies. The rating agencies release the ratings for the bonds, which cannot be sold without ratings.
- Examiner revises and updates the Official Statement draft as circumstances warrant and prepares the bond certificates.
- Examiner prepares disclosure certificates and related contracts for the signature of the budget director. Documents are reviewed by the team leader, section head and unit head.
- Budget director signs the corresponding bond deal contracts.

* * * * *

[REDACTED]

INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To evaluate State plans, promulgated rates and related allocations for health, mental health and social services programs to ensure consistency with Federal requirements, and State policies, statutes and regulations to the extent that the [REDACTED] is statutorily required to review such plans.

RELEVANT CONTROLS

State Plans

- A log of plans received and processed is maintained.
- Examiner reviews proposed plans or amendments to determine if they meet Federal requirements and whether it reflects agreements reached by the State.
- Examiner reviews program plans or amendments, and researches statute and regulation, to determine if the plan is in conformity with State legislative intent, regulations, and policies.
- Examiner analyzes the plan to determine potential fiscal impact and whether State financial or administrative responsibilities can be accommodated within the Financial Plan and Federal fund limits.
- Examiner assesses and considers coordination with other programs and funding streams and identifies issues of interest to other agencies.
- Examiner confers with section head (and unit head, when necessary) and makes recommendation on the plan or amendment to the agency.
- For certain plans, examiner, section head and unit head approve the plan for the Governor's signature, if applicable, and submission to the Federal government.

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INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To evaluate State plans, promulgated rates and related allocations for health, mental health and social services programs to ensure consistency with Federal requirements, and State policies, statutes and regulations to the extent that the [REDACTED] is statutorily required to review such plans.

RELEVANT CONTROLS

Reimbursement Rates

- Agency submits request for a rate adjustment to the [REDACTED]. For local Medicaid rates, requests are submitted by the Department of Health to the [REDACTED].
- A log is maintained and requests are date stamped and forwarded to the appropriate examiner. For local Medicaid rate adjustment requests from a non-Department of Health agency, the package is reviewed by both the Health Unit and the requesting agency’s relevant unit.
- Examiner evaluates the request for conformity with relevant statutes, regulations, or administrative policies or guidelines and analyzes the potential fiscal impact on the State Financial Plan.
- Examiner prepares a preliminary recommendation for review by supervisors and the unit head.
- Supervising examiner initials the recommendation indicating approval and forwards to unit head for final review.
- Unit head reviews and approves the staff recommendation, and in cases where the budget director approval has been delegated to the unit head, approves the request. For local Medicaid rate adjustment requests from a non-Department of Health agency, the unit head of the relevant unit will give final approval upon the completion of the Health Unit’s review and recommendation.

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INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To develop and promulgate statewide fringe benefit and indirect cost billing rates to ensure proper funding of overhead cost.

RELEVANT CONTROLS

- The examiner reviews the fringe benefit and indirect cost plan, assures that all assumptions regarding cost and benefits are accurate, develops supporting documentation, and recommends approval or rejection of the rates and plan.
- The supervising examiner reviews the fringe benefit and indirect cost plan and supporting documentation for accuracy and clarity, discusses the appropriateness of the rates and plan with the examiner, and recommends approval or rejection of the rates and plan.
- Unit head reviews the fringe benefit and indirect cost plan and supporting documentation, discusses the appropriateness of the rates and cost plan with the General State Charges Team, and makes a final determination for approval of the rates and plan.
- The approved rates and plan are transmitted by the unit head to OSC which bills the “other funds” based on the approved rates. Commencing July 2019, the rates will be transmitted directly to the Statewide Financial System (SFS) for use by all State agencies, and billing will be automated through SFS.
- The rates and plan are submitted to the Department of Health and Human Services/ Cost Allocation Services, where applicable, for their review and approval.

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INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To approve capital construction programs/projects consistent with appropriation language, compatible with agency expenditure plans and program goals, and other appropriate requirements.

RELEVANT CONTROLS

- Agency prepares and submits a budget journal in the SFS for the capital construction program/project to be awarded for proper funding source, amount and consistency with the program/project request as submitted.
- A log of all SFS budget journals is maintained and reviewed periodically.
- Examiner reviews the budget journal in SFS, and if properly prepared, the examiner submits the journal for approval to the supervising examiner and then section head.
- Supervising examiner and section head reviews the budget journal and approves or rejects the request.

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INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

Access to significant computer system data files is appropriately restricted to authorized users and programs.

RELEVANT CONTROLS

- Application access changes are submitted to the HELP desk on a user change request form.
- The HELP desk maintains a log of such requests and submits them to system support staff for processing.
- Written procedures identify the various steps used to add, modify or delete users for whom standard access is requested. For example, new employees are granted ID's and temporary passwords only after their employment is verified against the notification of employment (NOE) report provided by [REDACTED]'s Human Resources staff.
- Written procedures also describe the process used to grant non-standard access to [REDACTED]'s applications and network, including granting of administrator rights and access to the non-production databases. For example, non-standard access to applications must be approved by the application/data owners.
- User ID's and temporary passwords are distributed on a controlled basis to the individual being granted access.
- Security software on [REDACTED]'s network/computer systems automatically disables a user ID after a predetermined number of failed login attempts.

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INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To ensure that data received by the [REDACTED] [REDACTED] is received completely and accurately from other state information technology systems.

RELEVANT CONTROLS

- Developers and business analysts are responsible for data integrity and maintain documentation on procedures followed and results obtained when information is imported.
- Documentation includes: description of input files, procedures to assure that proper data sets are received, and written instructions on how to initiate batch processing, automated and manual consistency and balance checks against valid sources, discrepancy reconciliation strategies and error resolution protocols.
- Documentation also includes an audit log on all data imports, exception reports for errors, information on how exceptions were resolved and recording of completed transactions.
- Users are notified of updates resulting from data imports.

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INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To monitor non-General Fund revenues (Medicaid, third-party receipts, tuition, and user fees) in order to reduce the amount of general State revenue needed to fund these activities.

RELEVANT CONTROLS

- On a quarterly basis, with each Financial Plan update, estimates of certain cash receipts are prepared/adjusted by individual line unit budget examiners for each account in the Special Revenue, Capital Projects and Debt Service fund types. The Economics and Revenue Unit (ERU) prepares tax receipt estimates for all fund types and all receipt estimates for the General Fund. Such estimates are prepared and entered into the Budget Making System (BMS) in response to memorandums issued by the Budget Planning, Operations and Management Unit (BPU).
- The cash estimates are then analyzed by budget examiners in the ETU. The cash estimates are reviewed for consistency with current approved assumptions, Front Office policy direction, and recent and historical receipt/disbursement trends.
- If necessary, the responsible ETU budget examiner then consults with the appropriate line unit examiner to discuss any unexplained or unanticipated variances from previous cash estimates or prior year actuals. The ETU examiner may also discuss the reasonableness of projected growth rates with line unit examiner.
- All cash estimates by Financial Plan category and fund type, along with other related information, are presented to the unit head and assistant unit head, who will then conduct their own review of the cash estimates for consistency with current assumptions, program recommendations,

INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

RELEVANT CONTROLS

approved by the Front Office, and recent and historical receipts/disbursement trends.

- Based upon any or all of the reviews conducted above, ETU may determine a need to revise the cash estimates reflected in BMS by the line unit examiner. ETU will discuss the need for possible revisions with the appropriate line unit budget examiner, for entry by the line unit budget examiner into BMS.
- Throughout the review process, reports are produced by BMS that enable ETU to review estimates at various levels of detail, and in relation to various points in time. Accordingly, ETU staff will review information on a very detailed level. The unit head and assistant unit head may choose to review financial information on a more summarized level, such as by fund or fund type, and then ask for more detail where necessary. This allows all cash estimates to be reviewed by several individuals to ensure reliability and integrity of the Financial Plan.
- On a monthly basis, ETU staff will review monthly All Funds cash flow projections against actual results for large variances. If necessary, the responsible ETU budget examiner then consults with the appropriate line unit examiner to discuss any unexplained or unanticipated variances from current cash flow estimates prior year to date actuals. Significant variances are explained in a monthly memo prepared for Assistant unit head and unit head review. The monthly cash flow variances memo may also be shared with the Front office.

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INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To produce the Executive Budget Appropriation Budget Bills, Article VII Budget Bills, and other associated documents.

RELEVANT CONTROLS

- BPU provides direction on development of appropriations to agencies through the Budget Request Manual (BRM) and Call Letter.
- Agencies provide their Budget Requests electronically via SharePoint.
- Examiners have budget making meetings with the budget director and deputy director and provide packages according to instructions provided by BPU. As a result of these meetings and any other follow up as necessary, the budget director makes recommendations on which proposals will be included as part of the Executive Budget.
- Examiners formulate appropriation bill copy and BPU reviews. Examiners complete clearance form to confirm that internal systems (Budget Preparation System and Capital Plan Preparation System) reconcile to bill copy and that bill copy has been approved.
- Examiners draft and BPU coordinates approval of Article VII bills.
- The budget director and deputy director approve the relevant budget documents and BPU coordinates the printing of appropriation bill copy and Article VII bills are printed.
- The budget director and deputy director approve release of Executive Budget documents (bill copy, Article VII bills, Consulting Service Contract Report, etc.) and BPU executes release in coordination with the Press Office.

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INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

BUDGET EXECUTION AND MONITORING

SIGNIFICANT OBJECTIVES

To coordinate the Executive Resubmission of the Budget.

RELEVANT CONTROLS

- BPU coordinates 3-way sign-off (██████████ and both houses of Legislature) of resubmitted appropriation and Article VII bills to ensure all parts have reached consensus.
- Upon final sign-off of all budget bills (Appropriation and Article VII), the budget director approves release of Executive Resubmission of the Budget to the houses, which is coordinated with the Executive Chamber's Legislative Secretary.

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