

Appendix A

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DEPARTMENT OF AUDIT AND CONTROL

ALBANY

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To the Heads of All State Departments and Agencies

Chapter 218 of the Laws of 1977 enacted a new Section 170 of the Executive Law which requires agency reports on recommendations made in audit reports of the State Comptroller. Attachment A sets forth the new Section. The following guidelines for its administration are provided for the assistance of audited entities.

The Comptroller's office undertakes several types of audits of State agencies' and public authorities' activities, some of which relate to limited subjects, such as payroll audits and cash audits, or to specific State contracts and Federal grants. Reports on these limited scope audits are usually issued as letter reports as distinguished from other more formal audit reports. Because appropriate corrective actions on letter reports may be effected by a monetary deduction by the Comptroller, they may be excluded from these guidelines except as the Comptroller notifies the affected entity to the contrary.

Formal reports -- those related to audits of significant segments of agencies' operations, such as financial or operating practices, all activities at a State facility and major programs of single agencies or authorities -- at all times will be subject to these procedures.

Procedures

Upon completion of an audit, the Comptroller, through the Deputy Comptroller's Office (Division of Audits and Accounts), will submit a written tentative report of all substantive matters and recommendations (generally referred to as a draft report) to the head of the agency audited (e.g., the Commissioner of the Department of Mental Hygiene). Where a facility of a department is the subject of the audit, a copy of the tentative report simultaneously will be furnished to the facility head (e.g., the director of a State psychiatric center).

Within 30 days of the transmittal of that report, the head of the agency should submit, to the Deputy Comptroller, the agency's written comments. If, in the judgment of the Comptroller, the subject matter of a report requires a shorter response time than 30 days, the head of the agency will be advised in the transmittal letter that a shorter time limitation prevails. If, however, in the judgment of the State Comptroller, there are good and compelling reasons to reasonably extend the originally designated response period for a particular tentative audit report, such extension will be granted. Requests for extensions must be made in writing, with appropriate justification, no later than one week before termination of the originally designated period. Processing of the final report will commence at the termination of the designated response period.

Written comments of an agency head on a tentative audit report should: indicate any differences with the facts as presented; specifically address the recommendations; present target dates for implementing recommendations in which there is concurrence; and give reasons for not agreeing with other recommendations. Responsiveness to the issues contained in the report and brevity are desirable. The agency's comments on the data and recommendations which are included in the final audit report will be appropriately reflected therein.

Within 90 days after the release of any final report which recommends corrective action, the agency head shall report to the Governor, the State Comptroller, the President, President Pro Tem and Minority Leader of the Senate, the Speaker, Majority and Minority Leaders of the Assembly, and the Chairman and Ranking Minority members of the

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Senate Finance and the Assembly Ways and Means Committees of the State Legislature, advising what steps were taken to (1) implement the recommendations contained in the final audit report and (2) where recommendations were not implemented, the reasons therefore. The Comptroller will continue to conduct a program of selective follow-up audits of the progress in implementing those significant recommendations identified by the agency as requiring further action or of the status and effectiveness of the corrective actions. Such follow-up reports will be processed in the same manner as described above for formal audit reports.

These procedures will become effective with all tentative draft audit reports issued by the State Comptroller's office after July 31, 1977.

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Attachment

JOSEPH L. MAHRAN
Deputy Comptroller

Attachment A

CHAPTER 213, LAWS OF 1977

Section 1. The executive law is hereby amended by adding thereto a new section, to be section one hundred seventy, to read as follows: §170. Audit of agencies by the state comptroller; reports of corrective action.

Whenever the state comptroller shall conduct an audit of the activities and operations of any department, bureau, board, commission, authority or any other agency or instrumentality, he shall submit a tentative copy of a report so such audit to the head of the entity audited. The head of such entity may submit a written response to such tentative report within- thirty days of the receipt thereof. The state comptroller shall thereafter submit a final report of such audit which shall contain a complete copy of the response, if any, submitted to the tentative report. If the final report makes recommendations for corrective action, the head of the entity audited shall report within ninety days after receipt thereof to the governor, the state comptroller, the president, president pro tem and minority leader of the senate, the speaker, majority and minority leaders of the assembly, and the chairman and ranking minority members of the senate finance committee and the assembly ways and means committees of the state legislature what steps were taken to implement such recommendations, and, where recommendations were not implemented, the reasons therefore.