

DEPARTMENT OF AUDIT AND CONTROL

MISSION

The Department of Audit and Control was created in 1926 and is headed by the State Comptroller, who is elected by the people. The Department is responsible for paying the 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 State and most local government employees.

ORGANIZATION AND STAFFING

The Department of Audit and Control is organized into 10 programs, with its main office in Albany and regional offices in New York City, Buffalo, Rochester, Syracuse, Binghamton, Glens Falls and Hauppauge. These regional offices function primarily as decentralized audit centers, providing financial review of the accounting of revenues collected and expenses incurred by counties, cities, towns and villages, school and fire districts, and quasi-governmental entities. The Department will have a workforce of 2,331 positions for 2001-02.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The operating expenses of the Department are funded primarily with State tax dollars from the General Fund and with revenues from the Employee Retirement Systems. The Executive Budget recommends \$199.7 million for the Department's State Operations budget, including \$127.4 million, or 64 percent, in General Fund support. This portion of the Department's budget includes additional funding of approximately \$16 million for the operation of the payroll system and other systems-related increases, and \$2.9 million for real estate leases and for the start-up expenses of the Department's new headquarters building in Albany.

Another 33 percent of the Department's State Operations budget will be supported in 2001-02 with the recommended \$64.9 million in funding from the Retirement Systems. A current year deficiency of \$3.2 million for the Retirement System to address unanticipated workload increases resulting from recent statutory changes is also recommended. The remaining 3 percent of this budget will be funded with:

- \$4.3 million in payments made by the City of New York and certain businesses, which support the Department's costs associated with overseeing City finances and with administering an account related to oil spill cleanups;
- \$1.3 million in charges to the Retirement Systems for the Department's staff and other costs related to administering an internal auditing program; and
- \$1.8 million from increased investment earnings, which will finance checking and direct deposit costs of State government. A current year deficiency of \$420,000 to meet unanticipated costs is also recommended.

The General Municipal Law provides special accidental death benefits for the survivors of police and paid firefighters who have died from accidents sustained in the performance of duty. The Executive Budget recommendation includes \$20.9 million to fund the State's share of these benefits, an increase of \$900,000 over 2000-01.

PROGRAM HIGHLIGHTS

- The Executive Direction, Legal Services, and Administrative and Data Processing Services programs are responsible for the public information, internal audit, fiscal research, data processing, financial administration, legal, office services, management analysis and human resource functions of the Department.
- The Payroll and Revenue Services program conducts pre-audits of the State payroll and manages two statewide revenue programs. Staff assigned to this program administer the Abandoned Property Law, which requires the timely transfer of abandoned property to the State from holders of the property, notification of the legal owners of the property and payment of all valid claims. Program staff also process revenues generated by the local courts and by the sale of licenses for bingo and games of chance. These revenues are deposited in the Justice Court Fund and are subsequently distributed to the State and localities to which the funds are owed.
- The Management Audit and State Financial Services program audits all State agency, State public authority and New York City government programs to evaluate their effectiveness and efficiency. Staff assigned to this program also conduct a pre-audit of all non-payroll State expenditures. In this capacity, the Department acts as the State's bookkeeper, recording all collected revenues in the appropriate accounts, and posting all payments. The Higher Education Services Corporation and the departments of Labor and Civil Service fund on-site auditors who monitor selected activities of those agencies.
- The Municipal Affairs program examines and standardizes fiscal reports and accounts of all governmental and quasi-governmental entities within the State, and monitors and makes recommendations on the fiscal condition of municipalities. Staff also audit school districts and boards of cooperative education, with a portion of these costs funded by the State Education Department.
- The Office of the State Deputy Comptroller for the City of New York assists the New York State Financial Control Board in carrying out and exercising the responsibilities assigned, and powers granted, to the Board by the Financial Emergency Act for the City of New York.
- The State Retirement program administers the State Retirement Systems, consisting of the Employees' Retirement System, the Police and Fire Retirement System, and the Public Employees' Group Life Insurance Plan. Currently, there are about 2,860 participating government employers, 604,500 active and vested members and approximately 294,800 pensioners and their beneficiaries.
- The Investments and Cash Management program, in addition to overseeing the assets of the Retirement Systems, issues general obligation debt, invests short-term moneys for the State and local governments and selects financial institutions to provide banking services to the State.
- Under Chapter 845 of the Laws of 1977, the Comptroller administers the New York State Environmental Protection and Oil Spill Compensation Fund. Costs associated with cleaning up oil spills are paid from the fund upon certification of the Commissioner of Environmental Conservation. Moneys in this fund consist of receipts from a fee levied on each barrel of petroleum shipped into the State.

AUDIT AND CONTROL

ALL FUNDS APPROPRIATIONS (dollars)

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	173,982,100	199,686,400	25,704,300	0
Aid To Localities	20,014,000	20,902,000	888,000	0
Capital Projects	0	0	0	0
Total	<u>193,996,100</u>	<u>220,588,400</u>	<u>26,592,300</u>	<u>0</u>

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2000-01 Estimated FTEs 03/31/01</u>	<u>2001-02 Estimated FTEs 03/31/02</u>	<u>FTE Change</u>
Administrative and Data Processing Services Program			
General Fund	286	312	26
Environmental Protection and Spill Compensation			
Special Revenue Funds - Other	6	6	0
Executive Direction			
General Fund	36	36	0
Internal Service Funds	13	13	0
Investments and Cash Management			
General Fund	11	11	0
Pension Trust Funds	45	45	0
Legal Services			
General Fund	35	35	0
Management Audit and State Financial Services			
General Fund	516	521	5
Special Revenue Funds - Federal	9	9	0
Internal Service Funds	13	13	0
Municipal Affairs			
General Fund	212	212	0
Payroll and Revenue Services			
General Fund	339	353	14
Office of the Special Deputy Comptroller for New York City			
Special Revenue Funds - Other	31	31	0
State Retirement			
Pension Trust Funds	<u>734</u>	<u>734</u>	<u>0</u>
Total	<u>2,286</u>	<u>2,331</u>	<u>45</u>

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STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	106,625,400	127,433,200	20,807,800
Special Revenue Funds - Other	4,314,800	4,225,600	(89,200)
Internal Service Funds	3,074,300	3,090,500	16,200
Fiduciary Funds	<u>59,967,600</u>	<u>64,937,100</u>	<u>4,969,500</u>
Total	<u>173,982,100</u>	<u>199,686,400</u>	<u>25,704,300</u>

Adjustments:

Recommended Deficiency			
Audit and Control, Department of			
Internal Service Funds	(420,000)		
Pension Trust Funds	(3,159,600)		
Transfer(s) From			
Special Pay Bill			
General Fund	(6,382,000)		
Special Revenue Funds - Other	(295,000)		
Internal Service Funds	(86,000)		
Pension Trust Funds	<u>(3,190,000)</u>		
Appropriated 2000-01	<u>160,449,500</u>		

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Administrative and Data Processing Services Program			
General Fund	30,819,700	38,348,600	7,528,900
Environmental Protection and Spill Compensation			
Special Revenue Funds - Other	657,100	624,600	(32,500)
Executive Direction			
General Fund	3,090,500	3,283,800	193,300
Internal Service Funds	1,344,300	1,305,500	(38,800)
Investments and Cash Management			
General Fund	1,268,300	1,373,800	105,500
Internal Service Funds	1,730,000	1,785,000	55,000
Fiduciary Funds	5,404,500	5,652,200	247,700
Legal Services			
General Fund	2,655,200	2,789,500	134,300
Management Audit and State Financial Services			
General Fund	28,998,900	29,364,400	365,500
Municipal Affairs			
General Fund	13,535,900	13,330,100	(205,800)
Payroll and Revenue Services			
General Fund	26,256,900	38,943,000	12,686,100
Office of the Special Deputy Comptroller for New York City			
Special Revenue Funds - Other	3,657,700	3,601,000	(56,700)
State Retirement			
Pension Trust Funds	<u>54,563,100</u>	<u>59,284,900</u>	<u>4,721,800</u>
Total	<u>173,982,100</u>	<u>199,686,400</u>	<u>25,704,300</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Personal Service		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administrative and Data Processing Services Program	15,871,500	2,229,100	15,819,700	2,229,100
Executive Direction	2,590,200	193,300	2,573,900	193,300
Investments and Cash Management	862,400	105,500	862,400	105,500
Legal Services	2,772,300	134,300	2,759,900	134,300
Management Audit and State Financial Services	26,617,800	(399,500)	26,465,800	(399,500)
Municipal Affairs	12,271,100	(405,800)	12,252,100	(405,800)
Payroll and Revenue Services	15,148,500	1,186,100	14,221,700	1,186,100
Total	<u>76,133,800</u>	<u>3,043,000</u>	<u>74,955,500</u>	<u>3,043,000</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administrative and Data Processing Services Program	11,600	0	40,200	0
Executive Direction	16,300	0	0	0
Investments and Cash Management	0	0	0	0
Legal Services	0	0	12,400	0
Management Audit and State Financial Services	92,300	0	59,700	0
Municipal Affairs	0	0	19,000	0
Payroll and Revenue Services	424,400	0	502,400	0
Total	<u>544,600</u>	<u>0</u>	<u>633,700</u>	<u>0</u>

AUDIT AND CONTROL

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Nonpersonal Service		Supplies and Materials	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	22,477,100	5,299,800	663,100	0
Executive Direction	693,600	0	15,600	0
Investments and Cash Management	511,400	0	5,700	0
Legal Services	17,200	0	5,000	0
Management Audit and State Financial				
Services	2,746,600	765,000	21,000	0
Municipal Affairs	1,059,000	200,000	33,500	0
Payroll and Revenue Services	23,794,500	11,500,000	68,600	0
Total	<u>51,299,400</u>	<u>17,764,800</u>	<u>812,500</u>	<u>0</u>
Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	20,600	0	21,734,700	5,299,800
Executive Direction	21,900	0	599,300	0
Investments and Cash Management	6,400	0	498,500	0
Legal Services	2,200	0	5,000	0
Management Audit and State Financial				
Services	240,300	0	2,473,550	765,000
Municipal Affairs	404,800	0	616,500	200,000
Payroll and Revenue Services	89,400	0	23,620,750	11,500,000
Total	<u>785,600</u>	<u>0</u>	<u>49,548,300</u>	<u>17,764,800</u>
Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	58,700	0	0	0
Executive Direction	2,800	0	54,000	0
Investments and Cash Management	800	0	0	0
Legal Services	5,000	0	0	0
Management Audit and State Financial				
Services	11,750	0	0	0
Municipal Affairs	4,200	0	0	0
Payroll and Revenue Services	15,750	0	0	0
Total	<u>99,000</u>	<u>0</u>	<u>54,000</u>	<u>0</u>

AUDIT AND CONTROL

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Environmental Protection and Spill Compensation	624,600	(32,500)	304,400	(27,500)
Executive Direction	1,305,500	(38,800)	913,500	(39,600)
Investments and Cash Management	7,437,200	302,700	3,251,000	156,600
Office of the Special Deputy Comptroller for New York City	3,601,000	(56,700)	2,532,500	(69,200)
State Retirement	59,284,900	4,721,800	30,942,500	1,822,600
Total	72,253,200	4,896,500	37,943,900	1,842,900

<u>Program</u>	<u>Nonpersonal Service</u>	
	<u>Amount</u>	<u>Change</u>
Environmental Protection and Spill Compensation	320,200	(5,000)
Executive Direction	392,000	800
Investments and Cash Management	4,186,200	146,100
Office of the Special Deputy Comptroller for New York City	1,068,500	12,500
State Retirement	28,342,400	2,899,200
Total	34,309,300	3,053,600

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	20,014,000	20,902,000	888,000
Total	20,014,000	20,902,000	888,000

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Management Audit and State Financial Services	20,014,000	20,902,000	888,000
Total	20,014,000	20,902,000	888,000