

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 operations of the Department of Audit and Control are 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, which will move into its new headquarters building in Albany during the last quarter of the current fiscal year, will have a workforce of 2,291 positions for 2002-03.

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 \$203.7 million for the Department's State Operations budget, including \$127.4 million, or 63 percent, in General Fund support. This portion of the Department's budget includes funding for the upgrade of the State's payroll system.

Another 33 percent of the Department's State Operations budget will be supported in 2002-03 with the recommended \$68.3 million in funding from the Retirement Systems. The remaining 4 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.

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 these benefits.

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

AUDIT AND CONTROL

- 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 2,914 participating government employers, 637,841 active and vested members and approximately 303,314 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.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	199,686,400	203,717,000	4,030,600	0
Aid To Localities	20,902,000	20,902,000	0	0
Capital Projects	0	0	0	0
Total	220,588,400	224,619,000	4,030,600	0

AUDIT AND CONTROL

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

Program	Full-Time Equivalent Positions (FTE)		
	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Administrative and Data Processing			
Services Program			
General Fund	312	302	(10)
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	521	509	(12)
Special Revenue Funds - Federal	9	9	0
Internal Service Funds	13	13	0
Municipal Affairs			
General Fund	212	204	(8)
Payroll and Revenue Services			
General Fund	353	343	(10)
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	31	31	0
State Retirement			
Pension Trust Funds	734	734	0
Total	2,331	2,291	(40)

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	127,433,200	127,441,000	7,800
Special Revenue Funds - Other	4,225,600	4,306,000	80,400
Internal Service Funds	3,090,500	3,167,000	76,500
Fiduciary Funds	64,937,100	68,803,000	3,865,900
Total	199,686,400	203,717,000	4,030,600

Adjustments:

Prior Year Deficiency	
Audit and Control, Department of	
Internal Service Funds	420,000
Pension Trust Funds	3,159,600
Appropriated 2001-02	203,266,000

AUDIT AND CONTROL

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

<u>Program</u>	<u>Available 2001-02</u>	<u>Recommended 2002-03</u>	<u>Change</u>
Administrative and Data Processing			
Services Program			
General Fund	38,348,600	38,350,000	1,400
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	624,600	685,000	60,400
Executive Direction			
General Fund	3,283,800	3,285,000	1,200
Internal Service Funds	1,305,500	1,327,000	21,500
Investments and Cash Management			
General Fund	1,373,800	1,375,000	1,200
Internal Service Funds	1,785,000	1,840,000	55,000
Fiduciary Funds	5,652,200	6,228,000	575,800
Legal Services			
General Fund	2,789,500	2,791,000	1,500
Management Audit and State Financial			
Services			
General Fund	29,364,400	29,365,000	600
Municipal Affairs			
General Fund	13,330,100	13,331,000	900
Fiduciary Funds	0	545,000	545,000
Payroll and Revenue Services			
General Fund	38,943,000	38,944,000	1,000
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	3,601,000	3,621,000	20,000
State Retirement			
Pension Trust Funds	59,284,900	62,030,000	2,745,100
Total	<u>199,686,400</u>	<u>203,717,000</u>	<u>4,030,600</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administrative and Data Processing				
Services Program	15,872,000	500	15,820,200	500
Executive Direction	2,591,000	800	2,574,700	800
Investments and Cash Management	863,000	600	863,000	600
Legal Services	2,773,000	700	2,760,600	700
Management Audit and State Financial				
Services	26,618,000	200	26,466,000	200
Municipal Affairs	12,272,000	900	12,253,000	900
Payroll and Revenue Services	16,649,000	500	15,722,200	500
Total	<u>77,638,000</u>	<u>4,200</u>	<u>76,459,700</u>	<u>4,200</u>

<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>		<u>Holiday/Overtime Pay (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
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
2002-03 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	22,478,000	900	663,100	0
Executive Direction	694,000	400	15,600	0
Investments and Cash Management	512,000	600	6,300	600
Legal Services	18,000	800	5,000	0
Management Audit and State Financial				
Services	2,747,000	400	21,000	0
Municipal Affairs	1,059,000	0	33,500	0
Payroll and Revenue Services	22,295,000	500	68,600	0
Total	49,803,000	3,600	813,100	600

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	20,600	0	21,735,600	900
Executive Direction	21,900	0	599,700	400
Investments and Cash Management	6,400	0	498,500	0
Legal Services	2,200	0	5,800	800
Management Audit and State Financial				
Services	240,300	0	2,473,950	400
Municipal Affairs	404,800	0	616,500	0
Payroll and Revenue Services	89,400	0	22,121,250	500
Total	785,600	0	48,051,300	3,000

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	99,000	0	54,000	0

AUDIT AND CONTROL

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Environmental Protection and Spill				
Compensation	685,000	60,400	330,000	25,600
Executive Direction	1,327,000	21,500	914,000	500
Investments and Cash Management	8,068,000	630,800	3,603,000	352,000
Municipal Affairs	545,000	545,000	0	0
Office of the Special Deputy Comptroller for New York City	3,621,000	20,000	2,505,000	(27,500)
State Retirement	62,030,000	2,745,100	31,604,000	661,500
Total	<u>76,276,000</u>	<u>4,022,800</u>	<u>38,956,000</u>	<u>1,012,100</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Environmental Protection and Spill				
Compensation	355,000	34,800	0	0
Executive Direction	413,000	21,000	0	0
Investments and Cash Management	4,465,000	278,800	0	0
Municipal Affairs	0	0	545,000	545,000
Office of the Special Deputy Comptroller for New York City	1,116,000	47,500	0	0
State Retirement	29,730,000	1,387,600	696,000	696,000
Total	<u>36,079,000</u>	<u>1,769,700</u>	<u>1,241,000</u>	<u>1,241,000</u>

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	20,902,000	20,902,000	0
Total	<u>20,902,000</u>	<u>20,902,000</u>	<u>0</u>

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

Program	Available 2001-02	Recommended 2002-03	Change
Management Audit and State Financial Services			
General Fund	20,902,000	20,902,000	0
Total	<u>20,902,000</u>	<u>20,902,000</u>	<u>0</u>