

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, Newburgh 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 2,271 positions for 2003-04.

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 \$202.1 million for the Department's State Operations budget, including \$120 million, or 59 percent, in General Fund support.

Another 37 percent of the Department's State Operations budget will be supported in 2003-04 with the recommended \$74 million in funding from the Retirement Systems. The remaining 4 percent of this budget will be funded with:

- \$4.5 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;
- \$1.4 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 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, including those first responders lost in the World Trade Center attack. The Executive Budget recommendation includes \$29.1 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 abandoned property to the State from holders of the property, notification of the legal

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- 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 2,922 participating government employers, 637,896 active and vested members and approximately 306,604 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 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	204,567,000	202,147,000	(2,420,000)	0
Aid To Localities	20,902,000	29,099,000	8,197,000	0
Capital Projects	0	0	0	0
Total	225,469,000	231,246,000	5,777,000	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administrative and Data Processing			
Services Program			
General Fund	294	290	(4)
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	6	6	0
Executive Direction			
General Fund	35	35	0
Internal Service Funds	13	13	0
Investments and Cash Management			
General Fund	11	11	0
Fiduciary Funds	45	45	0
Legal Services			
General Fund	34	34	0
Management Audit and State Financial			
Services			
General Fund	493	489	(4)
Special Revenue Funds - Federal	9	8	(1)
Internal Service Funds	11	11	0
Municipal Affairs			
General Fund	198	192	(6)
Payroll and Revenue Services			
General Fund	333	329	(4)
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	29	28	(1)
State Retirement			
Fiduciary Funds	760	780	20
Total	2,271	2,271	0

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	128,291,000	119,952,000	(8,339,000)
Special Revenue Funds - Other	4,306,000	4,465,000	159,000
Internal Service Funds	3,167,000	3,222,000	55,000
Fiduciary Funds	68,803,000	74,508,000	5,705,000
Total	204,567,000	202,147,000	(2,420,000)

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Administrative and Data Processing			
Services Program			
General Fund	34,380,000	29,327,000	(5,053,000)
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	685,000	692,000	7,000
Executive Direction			
General Fund	4,448,000	4,420,000	(28,000)
Internal Service Funds	1,327,000	1,382,000	55,000
Investments and Cash Management			
General Fund	1,392,000	1,369,000	(23,000)
Internal Service Funds	1,840,000	1,840,000	0
Fiduciary Funds	6,228,000	6,447,000	219,000
Legal Services			
General Fund	2,845,000	2,845,000	0
Management Audit and State Financial			
Services			
General Fund	34,054,000	33,747,000	(307,000)
Municipal Affairs			
General Fund	12,983,000	12,936,000	(47,000)
Fiduciary Funds	545,000	545,000	0
Payroll and Revenue Services			
General Fund	38,189,000	35,308,000	(2,881,000)
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	3,621,000	3,773,000	152,000
State Retirement			
Fiduciary Funds	62,030,000	67,516,000	5,486,000
Total	<u>204,567,000</u>	<u>202,147,000</u>	<u>(2,420,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 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	15,673,000	(216,000)	15,621,200	(216,000)
Executive Direction	3,754,000	0	3,737,700	0
Investments and Cash Management	880,000	0	880,000	0
Legal Services	2,827,000	0	2,814,600	0
Management Audit and State Financial				
Services	26,850,000	(216,000)	26,698,000	(216,000)
Municipal Affairs	11,600,000	(324,000)	11,581,000	(324,000)
Payroll and Revenue Services	15,513,000	(216,000)	14,586,200	(216,000)
Total	<u>77,097,000</u>	<u>(972,000)</u>	<u>75,918,700</u>	<u>(972,000)</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>

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	13,654,000	(4,837,000)	663,100	0
Executive Direction	666,000	(28,000)	15,600	0
Investments and Cash Management	489,000	(23,000)	6,300	0
Legal Services	18,000	0	5,000	0
Management Audit and State Financial				
Services	6,897,000	(91,000)	21,000	0
Municipal Affairs	1,336,000	277,000	33,500	0
Payroll and Revenue Services	19,795,000	(2,665,000)	68,600	0
Total	<u>42,855,000</u>	<u>(7,367,000)</u>	<u>813,100</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	20,600	0	12,911,600	(4,837,000)
Executive Direction	21,900	0	571,700	(28,000)
Investments and Cash Management	6,400	0	475,500	(23,000)
Legal Services	2,200	0	5,800	0
Management Audit and State Financial				
Services	240,300	0	6,623,950	(91,000)
Municipal Affairs	404,800	0	893,500	277,000
Payroll and Revenue Services	89,400	0	19,621,250	(2,665,000)
Total	<u>785,600</u>	<u>0</u>	<u>41,103,300</u>	<u>(7,367,000)</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>

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STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Environmental Protection and Spill				
Compensation	692,000	7,000	330,000	0
Executive Direction	1,382,000	55,000	914,000	0
Investments and Cash Management	8,287,000	219,000	3,603,000	0
Municipal Affairs	545,000	0	0	0
Office of the Special Deputy Comptroller for New York City	3,773,000	152,000	2,505,000	0
State Retirement	67,516,000	5,486,000	33,329,000	1,725,000
Total	<u>82,195,000</u>	<u>5,919,000</u>	<u>40,681,000</u>	<u>1,725,000</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Environmental Protection and Spill				
Compensation	362,000	7,000	0	0
Executive Direction	468,000	55,000	0	0
Investments and Cash Management	4,684,000	219,000	0	0
Municipal Affairs	0	0	545,000	0
Office of the Special Deputy Comptroller for New York City	1,268,000	152,000	0	0
State Retirement	33,491,000	3,761,000	696,000	0
Total	<u>40,273,000</u>	<u>4,194,000</u>	<u>1,241,000</u>	<u>0</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	20,902,000	29,099,000	8,197,000
Total	<u>20,902,000</u>	<u>29,099,000</u>	<u>8,197,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Management Audit and State Financial Services			
General Fund	20,902,000	29,099,000	8,197,000
Total	<u>20,902,000</u>	<u>29,099,000</u>	<u>8,197,000</u>