

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 ten 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 2,325 positions for 2005-06.

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 \$219 million for the Department's State Operations budget, including \$127 million, or 58 percent, in General Fund support.

Another 38 percent of the Department's State Operations budget will be supported in 2005-06 with the recommended \$83 million in funding from the Retirement Systems. The remaining 4 percent of this budget will be funded with:

- \$5.8 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;
- \$1.6 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 Executive Budget Recommendation includes \$37.3 million in Aid to Localities for special accidental death benefits for the survivors of police and paid firefighters and \$32 million for increased costs for indigent legal services.

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.

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- The State 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 Local Government Services and Economic Development 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. This program also processes 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 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 Retirement Services 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 2,985 participating government employers, 641,721 active and vested members and approximately 328,357 pensioners and their beneficiaries.
- The Pension Investment and Public Finance 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 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	214,905,100	219,552,000	4,646,900	0
Aid To Localities	91,824,000	69,325,000	(22,499,000)	0
Capital Projects	0	0	0	0
Total	306,729,100	288,877,000	(17,852,100)	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs	2005-06 Estimated FTEs	FTE Change
	03/31/05	03/31/06	
Administrative and Data Processing			
Services Program			
General Fund	290	290	0
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
Pension Investment and Public Finance			
Program			
General Fund	11	11	0
Fiduciary Funds	45	45	0
Legal Services			
General Fund	34	34	0
State Services Program			
General Fund	489	543	54
Special Revenue Funds - Federal	8	8	0
Internal Service Funds	11	11	0
Local Government Services and Economic			
Development Program			
General Fund	192	192	0
Payroll and Revenue Services			
General Fund	329	329	0
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	28	28	0
Retirement Services Program			
Fiduciary Funds	780	780	0
Total	2,271	2,325	54

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	127,142,000	127,142,000	0
Special Revenue Funds - Other	5,544,000	5,838,000	294,000
Internal Service Funds	3,362,900	3,487,000	124,100
Fiduciary Funds	78,856,200	83,085,000	4,228,800
Total	214,905,100	219,552,000	4,646,900
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(3,190,000)		
Special Revenue Funds - Other	(150,000)		
Internal Service Funds	(88,900)		
Pension Trust Funds	(2,542,200)		
Appropriated 2004-05	208,934,000		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administrative and Data Processing			
Services Program			
General Fund	31,284,000	31,284,000	0
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	960,000	1,006,000	46,000
Executive Direction			
General Fund	4,960,000	4,960,000	0
Internal Service Funds	1,522,900	1,647,000	124,100
Pension Investment and Public Finance			
Program			
General Fund	1,379,000	1,379,000	0
Internal Service Funds	1,840,000	1,840,000	0
Fiduciary Funds	6,871,600	7,248,000	376,400
Legal Services			
General Fund	3,616,000	3,616,000	0
State Services Program			
General Fund	43,350,000	43,350,000	0
Local Government Services and Economic			
Development Program			
General Fund	14,314,000	14,314,000	0
Special Revenue Funds - Other	545,000	545,000	0
Payroll and Revenue Services			
General Fund	28,239,000	28,239,000	0
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	4,039,000	4,287,000	248,000
Retirement Services Program			
Fiduciary Funds	71,984,600	75,837,000	3,852,400
Total	<u>214,905,100</u>	<u>219,552,000</u>	<u>4,646,900</u>

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	18,830,000	0	18,778,200	0
Executive Direction	4,294,000	0	4,277,700	0
Pension Investment and Public Finance Program	890,000	0	890,000	0
Legal Services	3,366,000	0	3,353,600	0
State Services Program	31,782,000	0	31,630,000	0
Local Government Services and Economic Development Program	12,953,000	0	12,934,000	0
Payroll and Revenue Services	16,113,000	0	15,186,200	0
Total	88,228,000	0	87,049,700	0
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
Pension Investment and Public Finance Program	0	0	0	0
Legal Services	0	0	12,400	0
State Services Program	92,300	0	59,700	0
Local Government Services and Economic Development Program	0	0	19,000	0
Payroll and Revenue Services	424,400	0	502,400	0
Total	544,600	0	633,700	0

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	12,454,000	0	663,100	0
Executive Direction	666,000	0	15,600	0
Pension Investment and Public Finance				
Program	489,000	0	6,300	0
Legal Services	250,000	0	5,000	0
State Services Program	11,568,000	0	21,000	0
Local Government Services and Economic				
Development Program	1,361,000	0	33,500	0
Payroll and Revenue Services	12,126,000	0	68,600	0
Total	<u>38,914,000</u>	<u>0</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	11,711,600	0
Executive Direction	21,900	0	571,700	0
Pension Investment and Public Finance				
Program	6,400	0	475,500	0
Legal Services	2,200	0	237,800	0
State Services Program	240,300	0	11,294,950	0
Local Government Services and Economic				
Development Program	404,800	0	918,500	0
Payroll and Revenue Services	89,400	0	11,952,250	0
Total	<u>785,600</u>	<u>0</u>	<u>37,162,300</u>	<u>0</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
Pension Investment and Public Finance				
Program	800	0	0	0
Legal Services	5,000	0	0	0
State Services Program	11,750	0	0	0
Local Government Services and Economic				
Development Program	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 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Environmental Protection and Spill Compensation	1,006,000	46,000	512,000	21,000
Executive Direction	1,647,000	124,100	1,038,000	62,900
Pension Investment and Public Finance Program	9,088,000	376,400	3,929,000	173,700
Local Government Services and Economic Development Program	545,000	0	0	0
Office of the Special Deputy Comptroller for New York City	4,287,000	248,000	2,702,000	111,000
Retirement Services Program	75,837,000	3,852,400	37,355,000	1,834,800
Total	92,410,000	4,646,900	45,536,000	2,203,400

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Environmental Protection and Spill Compensation	494,000	25,000	0	0
Executive Direction	609,000	61,200	0	0
Pension Investment and Public Finance Program	5,159,000	202,700	0	0
Local Government Services and Economic Development Program	0	0	545,000	0
Office of the Special Deputy Comptroller for New York City	1,585,000	137,000	0	0
Retirement Services Program	38,482,000	2,017,600	0	0
Total	46,329,000	2,443,500	545,000	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	39,824,000	37,325,000	(2,499,000)
Special Revenue Funds - Other	52,000,000	32,000,000	(20,000,000)
Total	91,824,000	69,325,000	(22,499,000)

Adjustments:

Recommended Deficiency	
Audit and Control, Department of General Fund	(400,000)
Special Revenue Funds - Other	(40,000,000)
Appropriated 2004-05	<u>51,424,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Executive Direction			
Special Revenue Funds - Other	52,000,000	32,000,000	(20,000,000)
State Services Program			
General Fund	39,824,000	37,325,000	(2,499,000)
Total	91,824,000	69,325,000	(22,499,000)