

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 2,484 positions for 2007-08.

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 \$231 million for the Department's State Operations budget, including \$133 million, or 58 percent, in General Fund support.

Another 38 percent of the Department's State Operations budget will be supported in 2007-08 with the recommended \$89 million in funding from the Retirement Systems. Included in the funding for the Retirement Systems is \$5.4 million for the business process redesign of a legacy computer system and for additional personnel to implement new investment strategies. 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 \$40 million in Aid to Localities for special accidental death benefits for the survivors of police and paid firefighters and \$80 million for indigent legal services.

AUDIT AND CONTROL

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.
- 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 3,001 participating government employers, 653,291 active and vested members and approximately 342,245 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.

AUDIT AND CONTROL

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2006-07	Appropriations Recommended 2007-08	Change	Reappropriations Recommended 2007-08
State Operations	225,462,000	230,877,000	5,415,000	0
Aid To Localities	270,000,000	120,000,000	(150,000,000)	0
Capital Projects	0	0	0	0
Total	<u>495,462,000</u>	<u>350,877,000</u>	<u>(144,585,000)</u>	<u>0</u>

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

Program	Full-Time Equivalent Positions (FTE)		
	2006-07 Estimated FTEs 03/31/07	2007-08 Estimated FTEs 03/31/08	FTE Change
	Administrative and Data Processing Services Program General Fund	334	334
Environmental Protection and Spill Compensation Special Revenue Funds - Other	6	6	0
Executive Direction General Fund Internal Service Funds	35 13	35 13	0 0
Pension Investment and Public Finance Program General Fund Fiduciary Funds	11 45	11 54	0 9
Legal Services General Fund	34	34	0
State Services Program General Fund Special Revenue Funds - Federal Internal Service Funds	543 8 11	543 8 11	0 0 0
Local Government Services and Economic Development Program General Fund	286	286	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	792	12
Total	<u>2,463</u>	<u>2,484</u>	<u>21</u>

AUDIT AND CONTROL

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

<u>Fund Type</u>	<u>Available 2006-07</u>	<u>Recommended 2007-08</u>	<u>Change</u>
General Fund	133,052,000	133,052,000	0
Special Revenue Funds - Other	5,838,000	5,838,000	0
Internal Service Funds	3,487,000	3,487,000	0
Fiduciary Funds	83,085,000	88,500,000	5,415,000
Total	225,462,000	230,877,000	5,415,000

Adjustments:

Transfer(s) From	
Criminal Justice Services, Division of	
General Fund	(210,000)
Appropriated 2006-07	225,252,000

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

<u>Program</u>	<u>Available 2006-07</u>	<u>Recommended 2007-08</u>	<u>Change</u>
Administrative and Data Processing			
Services Program			
General Fund	31,249,000	31,249,000	0
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	1,006,000	1,006,000	0
Executive Direction			
General Fund	5,712,000	5,712,000	0
Internal Service Funds	1,647,000	1,647,000	0
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	7,248,000	8,162,000	914,000
Legal Services			
General Fund	3,616,000	3,616,000	0
State Services Program			
General Fund	45,750,000	45,750,000	0
Local Government Services and Economic			
Development Program			
General Fund	20,224,000	20,224,000	0
Special Revenue Funds - Other	545,000	545,000	0
Payroll and Revenue Services			
General Fund	25,122,000	25,122,000	0
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	4,287,000	4,287,000	0
Retirement Services Program			
Fiduciary Funds	75,837,000	80,338,000	4,501,000
Total	225,462,000	230,877,000	5,415,000

AUDIT AND CONTROL

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2007-08 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	21,995,000	0	21,432,000	0
Executive Direction	5,046,000	0	4,703,000	0
Pension Investment and Public Finance				
Program	890,000	0	890,000	0
Legal Services	3,366,000	0	3,308,000	0
State Services Program	34,182,000	0	33,853,000	0
Local Government Services and Economic				
Development Program	18,163,000	0	17,971,000	0
Payroll and Revenue Services	16,196,000	0	15,725,000	0
Total	<u>99,838,000</u>	<u>0</u>	<u>97,882,000</u>	<u>0</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administrative and Data Processing		
Services Program	563,000	0
Executive Direction	343,000	0
Pension Investment and Public Finance		
Program	0	0
Legal Services	58,000	0
State Services Program	329,000	0
Local Government Services and Economic		
Development Program	192,000	0
Payroll and Revenue Services	471,000	0
Total	<u>1,956,000</u>	<u>0</u>

AUDIT AND CONTROL

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2007-08 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	9,254,000	0	609,000	0
Executive Direction	666,000	0	74,000	0
Pension Investment and Public Finance				
Program	489,000	0	12,000	0
Legal Services	250,000	0	66,000	0
State Services Program	11,568,000	0	446,000	0
Local Government Services and Economic				
Development Program	2,061,000	0	91,000	0
Payroll and Revenue Services	8,926,000	0	265,000	0
Total	<u>33,214,000</u>	<u>0</u>	<u>1,563,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	354,000	0	8,030,000	0
Executive Direction	91,000	0	474,000	0
Pension Investment and Public Finance				
Program	21,000	0	423,000	0
Legal Services	53,000	0	131,000	0
State Services Program	633,000	0	4,334,000	0
Local Government Services and Economic				
Development Program	1,156,000	0	760,000	0
Payroll and Revenue Services	228,000	0	6,277,000	0
Total	<u>2,536,000</u>	<u>0</u>	<u>20,429,000</u>	<u>0</u>

Program	Equipment	
	Amount	Change
Administrative and Data Processing		
Services Program	261,000	0
Executive Direction	27,000	0
Pension Investment and Public Finance		
Program	33,000	0
Legal Services	0	0
State Services Program	6,155,000	0
Local Government Services and Economic		
Development Program	54,000	0
Payroll and Revenue Services	2,156,000	0
Total	<u>8,686,000</u>	<u>0</u>

AUDIT AND CONTROL

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2007-08 RECOMMENDED (dollars)

<u>Program</u>	<u>Total Amount</u>	<u>Change</u>	<u>Personal Service Amount</u>	<u>Change</u>
Environmental Protection and Spill Compensation	1,006,000	0	512,000	0
Executive Direction	1,647,000	0	1,038,000	0
Pension Investment and Public Finance Program	10,002,000	914,000	4,542,000	613,000
Local Government Services and Economic Development Program	545,000	0	300,000	0
Office of the Special Deputy Comptroller for New York City	4,287,000	0	2,702,000	0
Retirement Services Program	80,338,000	4,501,000	38,307,000	952,000
Total	<u>97,825,000</u>	<u>5,415,000</u>	<u>47,401,000</u>	<u>1,565,000</u>

<u>Program</u>	<u>Nonpersonal Service Amount</u>	<u>Change</u>
Environmental Protection and Spill Compensation	494,000	0
Executive Direction	609,000	0
Pension Investment and Public Finance Program	5,460,000	301,000
Local Government Services and Economic Development Program	245,000	0
Office of the Special Deputy Comptroller for New York City	1,585,000	0
Retirement Services Program	42,031,000	3,549,000
Total	<u>50,424,000</u>	<u>3,850,000</u>

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

<u>Fund Type</u>	<u>Available 2006-07</u>	<u>Recommended 2007-08</u>	<u>Change</u>
General Fund	190,000,000	40,000,000	(150,000,000)
Special Revenue Funds - Other	80,000,000	80,000,000	0
Total	<u>270,000,000</u>	<u>120,000,000</u>	<u>(150,000,000)</u>

Adjustments:	
Prior Year Deficiency	
Audit and Control, Department of	
General Fund	600,000
Special Revenue Funds - Other	23,000,000
Appropriated 2006-07	<u>293,600,000</u>

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

<u>Program</u>	<u>Available 2006-07</u>	<u>Recommended 2007-08</u>	<u>Change</u>
Executive Direction			
Special Revenue Funds - Other	80,000,000	80,000,000	0
State Services Program			
General Fund	40,000,000	40,000,000	0
Payroll and Revenue Services			
General Fund	150,000,000	0	(150,000,000)
Total	<u>270,000,000</u>	<u>120,000,000</u>	<u>(150,000,000)</u>