



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

December 27, 2006

Mr. F. David Sheppard
Director
New York State Office of Homeland
Security
633 Third Avenue
New York, NY 10017

Mr. Chauncey G. Parker
Director
Division of Criminal Justice Services
4 Tower Place
Albany, NY 12203

Mr. Wayne E. Bennett
Superintendent
Division of State Police
State Office Campus - Building 22
Albany, NY 12226

Mr. Lucien J. Leclaire, Jr.
Acting Commissioner
NYS Department of Correctional Services
State Office Campus - Building 2
Albany, NY 12226

Maj. Gen. Joseph J. Taluto
The Adjutant General
Division of Military and Naval Affairs
330 Old Niskayuna Road
Latham, NY 12110

Re: Report 2006-F-37

Dear Messrs. Sheppard, Parker, Bennett, Leclaire Jr. and Taluto:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the various State agencies to implement the recommendations contained in our audit report, *Use of Homeland Security Funds* (Report 2004-S-15).

Background, Scope and Objectives

The State Office of Homeland Security (Office) has the authority and responsibility to oversee, coordinate and direct State resources related to the detection, identification, response, prevention and recovery from a terrorist act or threat in New York State. The Office is the designated State lead agency for identifying U.S. Department of Homeland Security grant funds to support State Homeland Security efforts. The Division of Criminal Justice Services (DCJS) is designated as the State Administrative Agency. The State Weapons of Mass Destruction (WMD) Task Force, which is headed up by DCJS, is an interagency group that conducts Federally-required

preparedness assessments, purchases equipment and coordinates the distribution of equipment and grant funds to localities.

The majority of State Homeland Security expenditures were made by three State agencies: the Division of Military and Naval Affairs (DMNA), the Division of State Police (DSP), and the Department of Correctional Services (DOCS). However, during the course of our prior audit, responsibilities carried out by DOCS shifted to DSP. State Homeland Security funding has shifted accordingly. State Homeland Security appropriations are used to pay for personal service expenditures and for certain non-personal service expenditures (food, lodging, etc.) related to personal services. The expenditures are geared towards strengthening building security and protecting State assets, based on intelligence received from the Federal government. DOCS' Homeland Security coverage ended January 31, 2004, at which time DSP assumed responsibility for this coverage.

Our initial audit report, which was issued on February 23, 2005, examined whether controls at DMNA, DSP, and DOCS provide reasonable assurance that State Homeland Security funds were spent for their intended purposes, and whether controls at DCJS provide reasonable assurance that Federal Homeland Security funds are spent for their intended purposes. The prior audit identified certain areas in which controls over the use of Homeland security funds needed to be improved. The details of our findings and recommendations are not included herein due to the sensitivity of the audit. Rather a general statement regarding the overall condition of the respective controls is indicated. The objective of our follow-up, which was conducted in accordance with Generally Accepted Government Auditing Standards, was to assess the extent of implementation as of November 20, 2006 of the recommendation included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that officials have implemented most of the recommendations contained in our initial report.

Follow-up Observations

To Office, DCJS, DMNA and WMD Task Force Officials:

Recommendation

Implement the recommendations detailed during the audit for strengthening controls.

Status – Partially Implemented

Agency Action – The Office, DCJS, DMNA and the WMD Task Force strengthened most of the control weaknesses identified in our prior report. Office officials indicate they will continue to complete needed control improvements.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of the various agencies contacted for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Richard Sturm
Audit Manager

cc: Lisa Ng, Division of the Budget