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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 10, 2010

Mr. Robert Townsend
Executive Director
New York City Financial Information Services Agency
450 West 33rd Street, 4th Floor
New York, NY 10001

Re: Report 2009-F-37

Dear Mr. Townsend:

According to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article III of the General Municipal Law, we followed up on the actions taken by officials of the New York City Financial Information Services Agency (FISA) to implement the recommendations contained in our audit report, *Controls Over New York City's Financial Information Systems*, (Report 2007-N-12).

Background, Scope and Objective

The Financial Information Services Agency provides New York City officials with Citywide financial, payroll and personnel information. FISA, which is an information technology services center, is responsible for protecting and providing secure access to data stored in the following systems:

- Financial Management System, which is the City's centralized accounting and budgeting system.
- Payroll Management System and the Pension Payroll Management System, which process City payroll and pension checks, respectively.
- New York City Automated Personnel System, which maintains employee benefit information and interfaces with the PMS system for information pertaining to City employees.

FISA's actual expenditures for the fiscal year ended June 30, 2009 were \$29.7 million for personal service expenses and \$28.7 million for other-than personal service expenses (OTPS). About \$16.3 million of the OTPS expenditures were for computer equipment and for hardware and software maintenance. Another \$1 million in OTPS was for consultant services. The remaining OTPS was for building and land rents, utilities, supplies and other miscellaneous expenses.

Our initial audit report, which was issued on September 25, 2008, examined whether FISA adequately protects New York City's information systems under its control. We identified certain areas where controls needed improvement. The objective of our follow-up was to assess, as of December 10, 2009, whether managers implemented the twenty recommendations included in our confidential report. Due to the sensitivity of the information and the potential risk associated with the release of such information, the details of the recommendations and their implementation status are not included in this report. However, we discussed the detailed results of our follow-up work with FISA officials.

Summary Conclusions and Status of Audit Recommendations

Overall, we found that FISA officials have taken actions to implement our recommendations. However, additional work is still needed to enhance security over the New York City information systems. FISA officials generally agreed with our conclusions and indicated that they will take additional actions to implement our recommendations.

Major contributors to this report were Abe Fish, Keith Dickter, and Michael D'Amico.

We would appreciate your response to this report within 30 days indicating any actions planned to address the unresolved issues discussed during the course of this follow-up. We also thank the management and staff of FISA for the courtesies and cooperation extended to our auditors during this process.

Yours truly,

Brian Reilly
Audit Manager

cc: Mr. David R. Hancox, NYS Comptroller's Office
Mr. Richard McCarrick, FISA Internal Audit
Mr. George Davis III, Mayor's Office of Operations