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March 22, 2010

Mr. Judd S. Levy  
Chairman & Acting President and Chief Executive Officer  
Housing Finance Agency & SONYMA  
641 Lexington Avenue  
New York, NY 10022

Re: Report 2010-F-5

Dear Mr. Levy:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law, we have followed up on the actions taken by officials of the New York State Housing Finance Authority and the State of New York Mortgage Agency, to implement the recommendations contained in our audit report, *Accuracy of Employee Retirement Reporting* (Report 2008-S-56).

**Background, Scope and Objectives**

The State of New York Housing Finance Agency (HFA) and the State of New York Mortgage Agency (SONYMA) are public benefit corporations created to support housing and home ownership programs in New York State. As participating employers in the New York State Employees' Retirement System (ERS), HFA and SONYMA must enroll all full-time, permanent employees in the ERS; and notify all part-time, temporary, and provisional employees in writing of their right to membership in the ERS and enroll them if they elect to participate.

Our initial audit report, which was issued on September 11, 2008, examined HFA's and SONYMA's enrollment practices and found that they complied, for the most part, with ERS requirements. However, we found that none of the four interns employed by HFA and SONYMA were offered the opportunity to enroll in the ERS. In addition, HFA and SONYMA are required to report certain information to the ERS about the enrolled employees' earnings and number of days worked. We examined these reporting practices and found that the information reported by HFA and SONYMA was, for the most part, accurate. However, to comply with ERS requirements, they needed to improve their reporting of the number of days worked by newly-hired employees. We noted that some of the newly-hired employees had been reported to the ERS as working fewer days than they had actually worked during their first pay period. We recommended that HFA and SONYMA make certain improvements in their enrollment and reporting practices.

The objective of our follow-up was to assess the extent of implementation, as of February 11, 2010, of the three recommendations included in our initial report.

### **Summary Conclusions and Status of Audit Recommendations**

We found that HFA and SONYMA (Agency) officials have implemented the three recommendations in our initial audit report.

### **Follow-up Observations**

#### **Recommendation 1**

*Notify interns of their right to membership in the ERS, and obtain a signed acknowledgment from them that they were so notified. Retain these signed acknowledgments.*

Status - Implemented

Agency Action - Agency officials created a notification form that advises interns of their right to membership in the ERS. Interns are required to sign these forms, either requesting membership or declining membership in the ERS. We reviewed the personnel files for the four interns hired since the prior audit was issued and found that each contained the signed acknowledgement form.

#### **Recommendation 2**

*Report to the ERS the days new, full-time permanent employees worked during their initial pay periods, from the date of their appointment in the position.*

Status - Implemented

Agency Action - We found the Agency is correctly reporting to the ERS the number of days employees worked during their initial pay periods. We reviewed the initial pay period for six employees hired between September 2008 and December 2009 and verified that the correct number of days was reported for each employee.

#### **Recommendation 3**

*Determine the time that was under-reported for the identified employees and work with the ERS to ensure such information is reported accurately and retroactively, if necessary.*

Status - Implemented

Agency Action - Agency officials showed us documentation that they have determined the amount of time that had been under-reported for the two identified workers, and have made the appropriate adjustments to ERS records.

Major contributors to this report were Myron Goldmeer, Daniel Raczynski, and Nick Angel.

We wish to thank the management and staff of the New York State Housing Finance Agency and State of New York Mortgage Agency for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Cindi Frieder  
Audit Manager

cc.: Stephen Chohey, VP of Internal Audit  
Tom Lukacs, Division of the Budget