



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Quality of Internal Control Certification

Office for People With Developmental Disabilities



Report 2012-S-44

September 2012

Executive Summary

Purpose

To determine whether the Office for People with Developmental Disabilities (OPWDD) submitted timely a quality internal control certification to the Division of Budget (DOB) by April 30, 2012.

Background

In 1987, the Legislature passed the New York State Governmental Accountability, Audit and Internal Control Act requiring State agencies and public authorities to each institute a comprehensive system of internal controls over their operations. By April 30 each year, DOB requires the head of each covered agency to certify compliance with the State's Internal Control Act by submitting a certification and internal control summary detailing the internal control activities undertaken during the previous year. For the 2011-12 fiscal year, OPWDD reported a mix of partial and full compliance with the various requirements of the Act.

Key Findings

- The Internal Control Certification was submitted two weeks late on May 15, 2012.
- Although submitted late, OPWDD's certification exhibited the necessary quality. Answers were complete and responsive, and were supported by records and documentation maintained by the agency.

Key Recommendation

- Re-examine priorities to accommodate the timely submission of the Internal Control Certification.

Other Related Audits/Reports of Interest

[Office for the Aging: Quality of Internal Control Certification \(2008-S-114\)](#)

[Division of Veterans Affairs: Quality of Internal Control Certification \(2008-S-115\)](#)

[Department of Transportation: Quality of Internal Control Certification \(2008-S-116\)](#)

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

September 28, 2012

Ms. Courtney Burke
Commissioner
Office for People with Developmental Disabilities
44 Holland Avenue
Albany, New York 12229

Dear Commissioner Burke:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Quality of Internal Control Certification*. This audit was performed according to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*

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This report is also available on our website at: www.osc.state.ny.us

Background

Internal Controls in New York State

Internal controls are the integration of the activities, plans, attitudes, policies, and efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and mission. While the overall purpose of internal control is to help an organization achieve its mission, internal control also helps an organization to promote orderly, economical, efficient and effective operations, and produce quality products and services consistent with the organization's mission; safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud; promote adherence to laws, regulations, contracts and management directives; develop and maintain reliable financial and management data, and accurately present that data in timely reports.

In 1987, the Legislature passed the New York State Governmental Accountability, Audit and Internal Control Act (Act) requiring each State agency to institute a comprehensive system of internal controls over its operations. The Division of Budget's (DOB) Budget Policy and Reporting Manual Bulletin B-350 requires the head of each covered agency to certify compliance with the Act by April 30 of each year by submitting a Certification and Internal Control Summary describing the internal control activities undertaken during the previous year.

The current requirements in BPRM B-350 have been updated with a list of agencies required to establish and maintain an internal audit function and also require agencies to identify specific actions taken to implement each of the recommendations in the Internal Control Task Force report "The New York State Internal Control Act Implementation Guide: Strengthening Compliance with the Act and Standards." The recommendations were developed to provide agencies with an improved level of assurance that an appropriate set of controls are in place and functioning properly. Recommendations directed toward agencies relate to internal control coordination, implementation, education and training, as well as internal audit organization, staffing, processes, and continuing education.

As the State's chief fiscal officer, the Comptroller has several responsibilities under the Act, including issuing standards for internal control, providing technical assistance to agencies and conducting audits of internal controls. All of these efforts are directed toward helping public sector managers safeguard public assets and promote accountability in government. Past audits have examined a range of topics from specific control systems at individual agencies to broader statewide issues like the operation of internal audit units. This audit is one of a series that focuses specifically on the Internal Control Certification process and whether State agencies have:

- submitted their certifications on time,
- properly answered all the questions with the appropriate level of detail, and
- maintained documentation that supports the answers given.

Answers to these questions provide insight into the adequacy of not only the agencies' internal control systems, but also their control environment and commitment to make timely, informative and reliable information available for accountability purposes.

Office for People With Developmental Disabilities

Office for People With Developmental Disabilities (OPWDD) core mission is to help people with developmental disabilities live richer lives. To this end OPWDD envisions people enjoying meaningful relationships with friends, family and others in their lives; experiencing personal health and growth; and living in the home of their choice while fully participating in their communities.

DOB's internal control summary and certification form contains six sections wherein agencies report their assessment of agency compliance with the Act's requirements. OPWDD assessed itself as fully compliant in two areas: establishing internal control guidelines and designating an Internal Control Officer. It was partially compliant in four areas: establishing internal control systems and reviews; disseminating management and work policies, procedures and standards; implementing internal control education and training; and maintaining an internal audit function that complies with professional standards. The agency reported that some aspects of the internal control program are currently on hold, pending the finalization of an agency reorganization.

Audit Findings and Recommendation

We determined OPWDD's Internal Control Certification, although submitted late, exhibited the necessary quality. Answers were complete and responsive, and were supported by records and documentation maintained by the agency.

Agency Certification

OPWDD submitted its Internal Control Certification on May 15, 2012, two weeks after the April 30th deadline. According to agency officials, the certification was not submitted timely because the Internal Control Officer was busy working on competing priorities concerning an agency reorganization.

OPWDD provided sufficient details to answer all sections in the Internal Control Certification.

Supporting Documentation

OPWDD supported the statements in its certification with sufficient, appropriate documentation.

Recommendation

1. Re-examine priorities to accommodate the timely submission of the Internal Control Certification.

Audit Scope and Methodology

We audited the quality and timeliness of OPWDD's 2011-2012 Internal Control Certification to determine whether OPWDD filed it in accordance with DOB requirements. To accomplish our audit objective, we reviewed the Internal Control Certification and all documentation of internal controls that OPWDD used to support it. In addition, we interviewed OPWDD officials to learn more about the agency's internal control system. Our audit focused on the quality of the Internal Control Certification. It did not assess, nor was it intended to assess, the quality of OPWDD's internal control system. Our audit scope included the period January 1, 2011 through July 6, 2012.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating

the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

This audit was done according 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.

Reporting Requirements

A draft copy of this report was provided to OPWDD officials for their review and comment. Officials reported they recognize the importance of a timely submission but the agency was concentrating on strategic priorities. Officials reported they will review their procedures to submit future certifications timely. We considered their comments in preparing this report, and have included them at the end of this report.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office for People with Developmental Disabilities shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and where the recommendation has not been implemented, the reasons why.

Contributors to This Report

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Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Agency Comments



Andrew M. Cuomo, Governor
Courtney Burke, Commissioner

Executive Office

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September 27, 2012

John F. Buyce
Audit Director
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Office of the State Comptroller
110 State Street
Albany, NY 12236

Mr. Buyce:

The Office For People With Developmental Disabilities (OPWDD) has reviewed the Office of the State Comptroller's draft report (Report No: 2012-S-44) regarding "Quality of Internal Control Certification."

Our responses to the finding contained in the report is attached for your consideration. Again, I want to thank you and your team for their professionalism. Please remain assured that OPWDD and the Office of Internal Control are committed to addressing and resolving any issues identified in your audit.

If you have any questions or concerns, please do not hesitate to contact me directly at 518-474-4376 or Mary.E.Peck@opwdd.ny.gov.

Sincerely,

A handwritten signature in black ink that reads 'M. Peck'.

Mary E. Peck, CIA, CCSA, CGAP, CRMA
Director, Office of Internal Control

Attachment

cc: Commissioner Burke
J. Moran
J. Nellegar
V. Sleasman

We help people with developmental disabilities live richer lives.

OPWDD: Putting People First



Office For People With Developmental Disabilities (OPWDD)
Response to the Office of the State Comptroller (OSC)
Draft Audit Report (2012-S-44)
Quality of Internal Control Certification

GENERAL COMMENTS

As discussed, we would respectfully ask that the wording of the finding be amended to more accurately reflect the circumstances of our late submission.

RESPONSE TO THE RECOMMENDATION:

Recommendation #1:

Re-examine priorities to accommodate the timely submission of the Internal Control Certification.

Response

On April 30th we contacted the Division of Budget to request a one-month filing extension. We were advised to take whatever additional time was necessary to complete the certification.

OPWDD recognizes that the timely submission of the annual certification is important, but we believe that it does not supersede the accomplishment of strategic goals and mission – the overarching purpose of the Internal Control Act and related activities. As discussed with the auditors, our 2012 certification was two weeks late due to other agency priorities.

OPWDD will review its internal procedures regarding the timely submission of the Internal Control Certification.

Should you have any questions, please don't hesitate to contact Mary E. Peck, Director of Internal Control, at 518-474-4376 or Mary.E.Peck@opwdd.ny.gov.