



KATHY HOCHUL
Governor

JEANETTE M. MOY
Commissioner

August 5, 2024

Honorable Thomas P. DiNapoli
Comptroller
Office of the State Comptroller
110 State Street, 15th Floor
Albany, NY 12236

RE: Corrective Action Plan, Audit Report 2022-S-32

Dear Comptroller DiNapoli:

In accordance with Section 170 of the Executive law, the Office of General Services ("OGS") is providing the attached Corrective Action Plan related to Audit Report 2022-S-32 titled Capital Asset Management. We appreciate your time and efforts in conducting this audit and are confident that we have addressed the recommendations.

If you have additional questions or comments, please contact David Sears, Director of Internal Audit at David.Sears@ogs.ny.gov or (518) 486-1022.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas P. Nitido". The signature is stylized and somewhat cursive.

Thomas P. Nitido
Executive Deputy Commissioner

Corrective Action Plan for Audit 2022-S-32, Capital Asset Management

OSC Recommendation 1: Establish clear guidance through policies and procedures when conducting physical inventories to ensure they are completed appropriately and identified risks are mitigated.

OGS Implementation Plan: The development of a formal policy and procedure guiding site visits of the physical inventories has been created based on the informal procedure that was provided and currently followed. A formal site visit plan for the current year as well as a five-year site visit plan has been created based on identified criteria. This criterion is included in the corrective action for recommendation 4.

OSC Recommendation 2: Work with State agencies to identify their additional sites to develop a complete listing of locations that may house capital assets.

OGS Implementation Plan: As of April 2024, a listing of site locations was created. Annually, State agencies, as part of their annual certification, will be asked to review their sites, and report any listings where capital assets may be located.

OSC Recommendation 3: Augment existing processes by including more effective methods to ensure agencies that are required to report capital assets to the Office are properly doing so.

OGS Implementation Plan: On an annual basis, the Office now performs a reconciliation to compare the Office's roster of reportable agencies to the bill copy language in the enacted budget to identify any new agencies that have been created and are required to report capital assets to the Office. On a quarterly basis the Office confers with OSC to ensure the Office's roster of reportable agencies reconcile to OSC's records.

OSC Recommendation 4: Conduct a formal risk assessment of the site visit process and use results to establish reasonable and obtainable goals, including performing site visits to each State agency with established regularity.

OGS Implementation Plan: A formal analysis of potential capital asset reporting discrepancies in the established site visit process has been developed. The risk-based methodology used is as follows:

- Length of time since most recent visit
- Volume of asset acquisition/disposition activity during that time period
- Severity of deficiencies identified during most recent site visit and status of corrective action.
- Errors/deficiencies identified during recent annual/bi-annual reporting.
- Geographic Considerations.
- Number of assets at a specific location as a percentage total agency assets.
- Total cost of assets at a specific location as a percentage of total cost of all agency assets.

OSC Recommendation 5: Take proactive action to identify capital asset data inaccuracies reported in SFS AM by enhancing internal processes such as data analysis.

OGS Implementation Plan: Analysis of the Statewide Financial System procurement data to identify capital asset (equipment) purchases will be conducted prior to a site visit. This information will also be looked at on a rotating quarterly basis for agencies to ensure each agency is looked at annually. A quarterly review of information maintained by the OGS State Asset and Land Management office will be verified against the information in SFS to ensure there are no outliers. Based on this analysis outreach will be conducted with the agencies to ensure compliance.

OSC Recommendation 6: Develop and implement procedures to provide continued support, such as detailed risk-based guidance and trainings, to ensure agencies are aware that capital asset data needs to be accurate, complete, and updated timely.

OGS Implementation Plan: Training which will complement (and supplement) the existing agency resources: Statewide Financial System job aids, the Capital Asset Policy and Procedural Manual and the annual notification to the State agencies of the reporting requirements is under development. The anticipated completion date is October 2024.

OSC Recommendation 7: Facilitate communication with State agencies regarding the types of errors the Office encounters statewide and address them with all State agencies.

OGS Implementation Plan: Working in conjunction with the Office of the State Comptroller (OSC), OGS will develop a section to be presented at the OSC sponsored fall conference to address the importance of capital asset reporting by each State agency, the State agencies' role in reporting, announce applicable resources to assist the State agencies with their reporting, and identify/communicate/address common errors.