



**Department
of Health**

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HOWARD A. ZUCKER, M.D., J.D.
Commissioner

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Executive Deputy Commissioner

August 15, 2017

Mr. Brian Mason
Assistant Comptroller
Division of State Government Accountability
NYS Office of the State Comptroller
110 State Street, 10th Floor
Albany, New York 12236

Dear Mr. Mason:

Pursuant to the provisions of Section 170 of New York State Executive Law, I hereby transmit to you a copy of the New York State Department of Health's comments related to the Office of the State Comptroller's final audit report 2016-S-30 entitled, "Fiscal Oversight and Monitoring of AIDS Institute Service Provider Contracts."

Please feel free to contact Amy Nickson, Assistant Commissioner, Office of Governmental and External Affairs, at (518) 473-1124 with any questions.

Sincerely,

Howard A. Zucker, M.D., J.D.
Commissioner of Health

Enclosure

cc: Ms. Nickson

**Department of Health
Comments on the
Office of the State Comptroller's
Final Audit Report 2016-S-30 entitled, Fiscal Oversight and Monitoring
of AIDS Institute Service Provider Contracts**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Final Audit Report 2016-S-30 entitled, "Fiscal Oversight and Monitoring of AIDS Institute Service Provider Contracts."

Recommendation:

Further strengthen controls to provide additional assurance that contractors' claimed expenses are program appropriate and consistent with contract requirements. Such controls should include, but not be limited to:

- Requiring contractors to submit detailed listings of expenses along with their vouchers;
- Incorporating an analysis of the detailed expense in the risk assessment process to determine what costs to review during the on-site fiscal review;
- Incorporating an examination, based on the risk assessment, of an unannounced sample of expenses during on-site fiscal reviews;
- Performing an expanded analysis of claimed expenses to determine the full extent to which certain non-allowable expenses, identified during a standard one-month review, were also claimed in prior months; and
- Implementing controls over fiscal monitoring reviews to ensure that recoveries are consistently made and that each contractor is reviewed timely.

Response:

The Department previously responded with additional information. OSC maintained their position. The Department still disagrees with OSC's characterization of the audit findings which were based on a limited sample, that was part of their review.

However, OSC's recommendations were carefully reviewed for opportunities to improve contract monitoring in the following areas:

- Risk assessment when determining the configuration of the fiscal review;
- Unannounced sample at on-site fiscal monitoring;
- Expanded analysis of questioned cost;
- Consistent recoveries.