New York State Comptroller
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Enterprise Fraud, Waste and Abuse Prevention and Detection

Using Data Analytics to Strengthen Oversight

Annual Report to the New York State Legislature

September 1, 2026

Introduction

The New York State Legislature amended the State Finance Law in 2015 by adding Section 8-c, providing for the establishment of a statewide electronic system to help detect and prevent fraud, waste, and abuse in government spending and to help avoid improper payment of public funds. Section 8-c affirms the State Comptroller's role in safeguarding public money and requires cooperation by State agencies and public authorities in this effort.

The Office of the New York State Comptroller (OSC) continues to make progress in several areas toward identifying and applying data analytics to enhance efforts to recognize and prevent fraud, waste, and abuse. By evaluating innovative methods and technologies, and adopting those that prove effective, OSC continually refines and improves its systems for protecting the public's money.

Identifying Waste, Fraud, and Abuse

Data analytics remains at the core of OSC's oversight activity and internal risk management efforts. Analytics tools and methods are integral to the agency's audits of State and local governments. They also help OSC monitor and improve the State's payroll, procurement, retirement and other systems to increase efficiency and prevent improper payments. Below are examples of OSC work over the past year that leveraged analytical techniques.

Audits Identified Improper Medicaid and New York State Health Insurance Program Payments

Using complex data analytics in OSC audits, approximately $3.8 billion in Medicaid cost savings was identified for the 12 months ending May 31, 2026. Over $2.6 billion in savings was attributed to managed care premium payments for members who may have resided outside New York State. Additional savings included drugs and supplies refilled earlier than allowed; Social Adult Day Care and Health Home services lacking proper supporting documentation; and coordination-of-benefits issues when beneficiaries had third-party health insurance that should have paid claims.

Similarly, auditors used data analytics to identify $115 million in savings within the New York State Health Insurance Program, including multiple payments for the same service and overpayments for physician-administered drugs.

Payment Voucher and Employee Expense Payment Audits

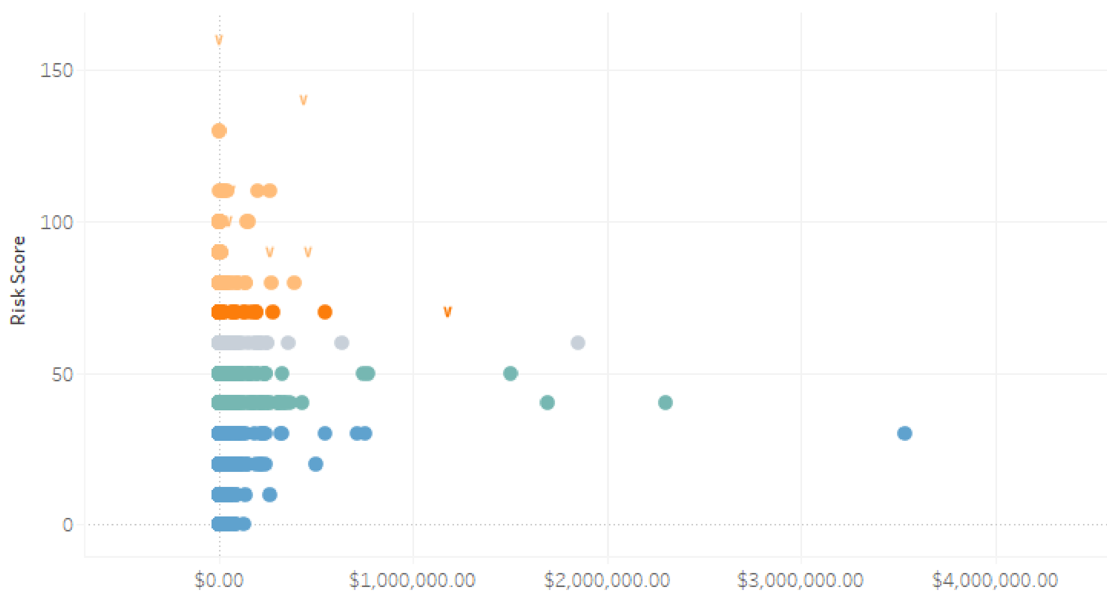
To ensure State payments are appropriate, accurate and in compliance with applicable laws, regulations and policies, OSC has developed multiple tools to conduct more rapid, systematic analyses of: (i) payment vouchers (see Figure 1), and (ii) employee expense payments (see Figure 2).

Using known risk indicators – such as contracts let without OSC pre-audit oversight, employees not complying with the OSC Travel Manual and agencies not following procurement guidelines – these tools provide visualizations that help auditors more easily identify transactions with the highest risks for fraud, waste or impropriety.

During the period from July 1, 2025, through June 30, 2026, auditors using these tools prevented inappropriate funds from being disbursed and identified compliance issues. These findings, totaling nearly $8.9 million, included vendors not complying with contract terms, vendors calculating invoice amounts incorrectly, payments using funds that had lapsed, and employees exceeding federal meals and lodging per diem rates. Using data analytics, auditors also identified more than $6.8 million in prevented or recovered duplicate payments and more than $500,000 in payments that did not comply with processing requirements.

Figure 1

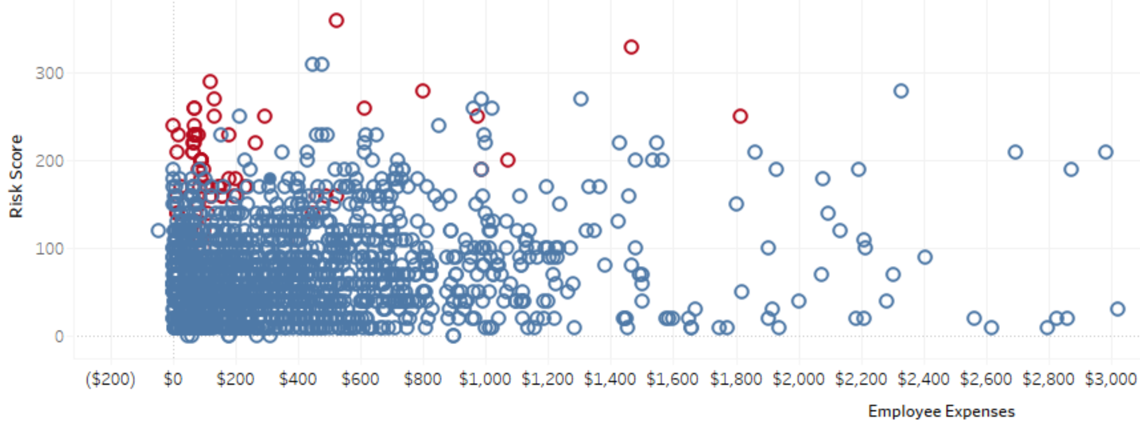
Pending Vouchers by Gross Amount and Risk Score



Pending vouchers are grouped according to their dollar amount and assigned risk score. The points positioned at the top of the chart indicate the vouchers considered to have the highest risk.

Figure 2

Pending Travel and Expense Reports by Amount and Risk Score



In Figure 2, red indicates a higher risk of overpayment. A solid point indicates the transaction was previously audited and is being resubmitted.

Monitoring Transactions to Ensure Legitimacy

Preventing fraud against the New York State and Local Retirement System requires daily and project-based reviews of transactions identified as having an elevated risk for fraud. Data analytics are used to query system information and flag transactions that warrant closer examination.

Once a transaction is flagged, steps are taken to verify its authenticity, which may include contacting the participant and reviewing specific attributes of the activity. If a transaction is confirmed to be fraudulent, analysts review other transactions with similar characteristics, and additional examination work is conducted as necessary.

Unclaimed Funds Claim Payment Audit Tools

Each business day, the New York State Comptroller's Office of Unclaimed Funds (OUF) processes an average of 2,000 claims totaling $2 million in payments. Last year, OSC returned $651 million to rightful owners. OUF has historically used data analytic tools to identify risky claims and performed manual reviews to stop claims determined to be potentially fraudulent before a payment was made.

In August 2025, OUF implemented a new processing system with new, integrated fraud detection features. The new system helps identify risky claims that should be stopped, or based on certain criteria, warrant additional review.

In State Fiscal Year (SFY) 2025-26, OUF reviewed 9,643 claims that required additional review totaling approximately $24 million. Of those reviewed, 2,670 payments totaling $2.3 million were stopped because the claim did not appear to be made by the entitled owner. The use of data analytics and fraud prevention tools, combined with strong internal controls, help to identify and prevent fraudulent payments.

Identifying Deceased Members

OSC utilizes various tools to identify deceased benefit recipients in order to prevent the New York State and Local Retirement System (NYSLRS) from issuing inappropriate monthly retirement benefit payments. Ongoing enhancements and refinements allow deceased members to be identified more efficiently, strengthening both program and operational effectiveness. During calendar year 2025, NYSLRS identified the deaths of monthly retirement benefit recipients and recovered $3 million in overpaid pension benefits.

Using Data Analytics in Oversight of Local Government Resources

OSC uses analytic tools to help identify instances where local government resources may be at risk of waste, fraud or abuse. Examples include:

Town of Alexander - Town Clerk/Tax Collector (2025M-72) - April 2026

An audit of the Town of Alexander's Town Clerk/Tax Collector determined that the former Clerk did not record, deposit, report or remit collections accurately and did not record or deposit collections in a timely manner. Auditors used data analytics to compare the daily handwritten collection log (when not destroyed) to the computerized system used for recording and reporting clerk fees and bank deposits, identifying significant discrepancies. Data visualizations were also developed to support audit analysis and clearly communicate the findings to internal and external stakeholders.

The former Clerk was arrested in July 2024 and arraigned on charges including grand larceny, falsifying business records, forgery and corrupting the government. In January 2025, the former Clerk pleaded guilty to petit larceny, resigned from her position and paid restitution to the Town.

Town of Oxford – Financial Condition (2024M-135) – July 2025

An audit of the Town of Oxford's financial condition determined that the Board did not receive complete and accurate financial records and reports, limiting its ability to effectively monitor the Town's financial condition. As a result, the general and town-wide highway funds began the 2024 fiscal year with a combined fund balance deficit of $206,637. In addition, the Town supervisors did not file the 2019 through 2023 fiscal year annual financial reports (AFRs) timely, preventing OSC from conducting fiscal stress monitoring.

Auditors used data analytics to calculate the Town's fiscal stress designation and compare the results to towns across New York State that filed AFRs timely. The analysis determined the Town of Oxford would have received a fiscal stress designation in each fiscal year analyzed and would have been classified as significant fiscal stress for two of those years. Of the 717 towns included in the Fiscal Stress Monitoring System during that period, only the Town of Oxford and one other town would have received a fiscal stress designation if analyzed each year.

Village of Penn Yan: Water Treatment Plant Overtime (2025M-6) – July 2025

An audit of the Village of Penn Yan's water treatment plant (WTP) overtime costs determined that water customers may have paid for WTP operators unnecessary overtime and pension costs. From June 1, 2021, through November 22, 2024, WTP operators earned overtime totaling $338,108, annually representing between 28 and 32 percent of approximately $1.1 million in total wages paid during the audit period.

Auditors used data analytics to analyze payroll records, timesheets, daily operator work hours, and water pumping data to assess management's assertion that overtime was primarily caused by increased water demand and reduced pumping capacity during filter rehabilitation work. This assertion was unsupported. Instead, the primary cause of excessive overtime was an unapproved change to operator work schedules.

Using Analytics to Improve Program Effectiveness

OSC audits often identify opportunities to improve data collection and use a broader range of data sources and analytical approaches to identify ways for agencies to better manage their programs and operations. Below are some examples from the past year:

Department of Agriculture and Markets (AGM) – Farmland Protection Program (2023-S-19) According to the American Farmland Trust, farms generate over $47 billion in annual economic impact and support approximately 160,000 jobs in the state. With nearly 7 million acres, farmland composes over 20% of New York State's area. However, U.S. Department of Agriculture Census data shows that, in the 5 years from 2017 to 2022, the state lost almost 365,000 acres of farmland and 2,800 farms. The Farmland Protection Program (Program) provides eligible municipalities with grants to implement farmland protection activities. AGM administers several grants to assist in preserving and developing farmland, including Farmland Protection Implementation Grants, which account for over 98% of all funds awarded through the Program. Although not set statutorily, in 2014 AGM established a maximum award amount of $2 million per application for grants. AGM establishes specific criteria in each funding request to determine eligibility, such as project categories and minimum acres to be preserved. AGM must determine a project's eligibility within 90 days of receiving a completed application. AGM-awarded grants have helped preserve about 114,000 acres of farmland involving almost 400 farms between 2005 and 2023.

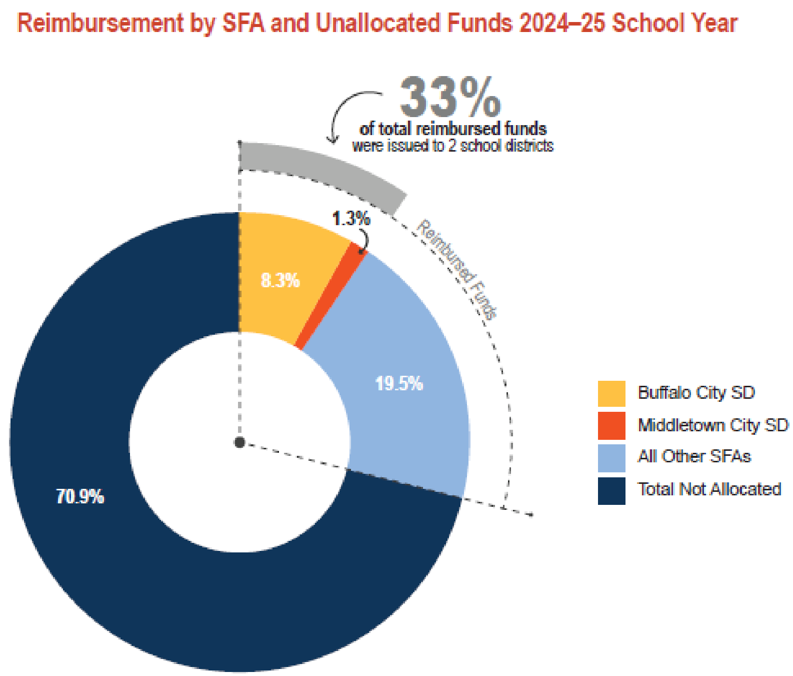
Auditors identified opportunities to enhance AGM's farmland preservation efforts. For instance, although regions vary significantly in grant eligibility, land values, farmland availability, and Program participation, AGM generally allocates funding equally across all 10 geographic regions it has established without considering regional factors — possibly resulting in delays in awarding funds. Auditors identified average delays of 233 days for 20 projects totaling over $20.6 million and average delays of 181 days for 22 projects totaling over $23.5 million. In these instances, had AGM not first allocated funding to the ineligible New York City region, the other nine eligible regions could have received about $500,000 at the start of the funding round, allowing them to implement their projects faster. Further, farms in high-value areas may not be able to obtain sufficient funding for their farmland conservation in a single application due in part to the $2 million cap. Between 2012 and 2022, land values for each of the 10 regions increased by at least 40%, and half of them increased by over 65%, with Long Island's increasing by 150%. Beyond administering grant funding, AGM can evaluate the allocation and funding methodology to identify whether changes should be made to maximize the impact on the preservation of the state's farmland. This audit provided interactive maps to show acres of farmland that grant funding protected by county and to showcase changes in farmland from 1910 through 2022.

Interactive Map: **Farmland Protection Interactive Map**

Department of Agriculture and Markets (AGM) – 30% New York State Initiative (2024-S-13) New York State households with children have experienced the highest rates of food insecurity since 2020—as high as 16% in 2022. Even with lower rates of food insecurity in the first 3 months of 2024, roughly one in nine families with children in New York reported they sometimes or often do not have enough to eat due to lack of money or other resources. Providing meals for students is a strategy to reduce food insecurity, support learning, and improve physical health. AGM administers the 30% New York State Initiative (Initiative), established in 2018 to provide healthy New York-sourced food products to children as part of their school lunch. Annually, $10 million is appropriated to support the Initiative, which provides School Food Authorities (SFAs)—entities responsible for the administration and operation of school food programs—with reimbursement for school lunches. The Initiative increases the reimbursement schools receive for lunches from 5.9 cents per meal to 25 cents per meal. SFAs are eligible to participate in the Initiative when at least 30% of their total food costs for lunches in the preceding school year is spent on eligible state-produced and -processed food products. SFAs must apply to AGM annually to participate in the Initiative and provide all child nutrition reimbursement claims from the previous school year. As of June 12, 2025, for the 2024–25 school year, 73 SFAs were reimbursed approximately $2.9 million under the Initiative.

Using data from the State Education Department's Child Nutrition Management System, auditors found that, despite the Initiative running for over seven years and incremental increases since AGM became the lead agency in 2022 (taking over for the State Education Department), participation remained relatively low. Of 762 SFAs eligible to participate in the Initiative outside New York City, only 73 (10%) have been approved for reimbursement, and just $2.9 million of the $10 million (29%) appropriated had been reimbursed for the 2024–25 school year. Further, two school districts accounted for 33% of the total reimbursed funds, as shown in the following figure.

Figure 3



The audit recommended that AGM take steps to improve participation in the Initiative through increasing outreach and assistance efforts, streamlining requirements where applicable, and developing and maintaining information to assist SFAs with identifying and purchasing eligible food products.

Department of Health (DOH) – Lead Service Line Replacement Program and Lead Service Line Inventory (2024-S-9)

High levels of lead in drinking water can have serious health effects for both adults and children, including damage to the brain and kidneys and an increased risk of high blood pressure, heart attack, stroke, and cancer. Children are at greatest risk for long-term health effects because their bodies and brains are still developing. To address these concerns, New York's Clean Water Infrastructure Act (Act) of 2017 added Section 1114 to the State Public Health Law (Law), requiring DOH to implement a Lead Service Line

Replacement Program (Program) to provide municipalities with grants to replace lead drinking water service lines. The Law required DOH to allocate Program funds equitably among all regions of the State and prioritize funding to municipalities with a high percentage of elevated childhood blood lead levels. Under the Law, DOH was also required to consider whether the community was low income and the number of lead service lines in need of replacement when distributing awards. The Program received an initial $20 million allocation from the 2017 State budget and an additional $10 million through a budget agreement in 2018. DOH also administers other initiatives that fund a wide range of water quality projects, including efforts to reduce lead in drinking water systems, and has a role in administering the $369 million New York received through the federal Bipartisan Infrastructure Law for lead service line inventory and replacement projects. In 2023, New York passed the Lead Pipe Right to Know Act, codifying the Environmental Protection Agency (EPA) lead service line inventory requirements into the Public Health Law. Under both the EPA requirements and the Law, covered water systems were to develop an initial service line material inventory by October 2024 that included the location and material composition (e.g., lead, galvanized requiring replacement, non-lead, or lead status unknown) for both the public and consumer portions of the service lines. Water systems containing service lines classified as anything other than non-lead must submit updated inventories at least annually. In October 2024, the EPA also issued Lead and Copper Rule Improvements, which require all lead service lines to be replaced by December 2037, which it estimates will cost New York State $2.5 billion.

The audit used program data to evaluate how effectively the State identified, prioritized, and tracked lead service line replacement projects and concluded that DOH did not implement sufficient controls to ensure the Program's effectiveness, limiting the ability to replace additional lead service lines. Specifically, DOH's guidance was insufficient to ensure that Program funds were always spent effectively. For instance, $7 million of the total $30 million was returned to DOH and was not re-allocated to other municipalities that qualified for funding. Some municipalities spent most of their funding on administrative or investigative functions rather than replacing lead lines. DOH also underestimated the cost to replace lead lines, with auditors identifying 382 lines costing over DOH's estimate of $11,000, with one replacement costing $66,000. DOH's award methodology, although complying with the Law, at times left municipalities with higher percentages of elevated childhood blood levels without an award in favor of ones with much lower percentages. Further, the audit identified significant accuracy issues with service line inventories, which limits their usefulness: 105 of 371 service lines reviewed, all of which had replaced through the Program, were still reported as being composed of lead or an unknown material. The audit also included an interactive map showing municipalities that were eligible to receive funding, including the funding amount, if applicable.

Interactive Map: **2024-S-9 Interactive Map**

New York City Department of Housing Preservation and Development (HPD) – Physical and Financial Conditions at Selected Mitchell-Lama Developments (2024-N-4)

The Mitchell-Lama Housing Program (Program) was created in 1955 to provide affordable rental and cooperative (co-op) housing to middle-income families. HPD is the nation's largest municipal housing preservation and development agency. There are both City-supervised and State-supervised Mitchell-Lama developments. As of June 25, 2024, there were 92 HPD-supervised Mitchell-Lama rental and limited-equity co-op developments, with approximately 46,787 units. Owners of City Mitchell-Lama developments often enter into written agreements with agents for management services, which must be approved in writing by HPD. The managing agents of Mitchell-Lama developments are required to maintain developments in an economically viable manner, in good physical condition, and in compliance with current Mitchell-Lama rules. This audit focused on three developments: Clinton Towers (Manhattan), Evergreen Gardens (Bronx), and Tivoli Towers (Brooklyn).

Auditors used data to identify financial and operational risks across the sampled developments, finding that HPD does not effectively monitor the physical and financial conditions at the selected developments. HPD uses the City's Housing Development Corporation to perform physical inspections of certain Mitchell-Lama developments, and the audit identified several hazardous conditions previously observed and reported by Housing Development Corporation inspectors that either remained uncorrected or persisted.

Promoting Accountability & Efficiency

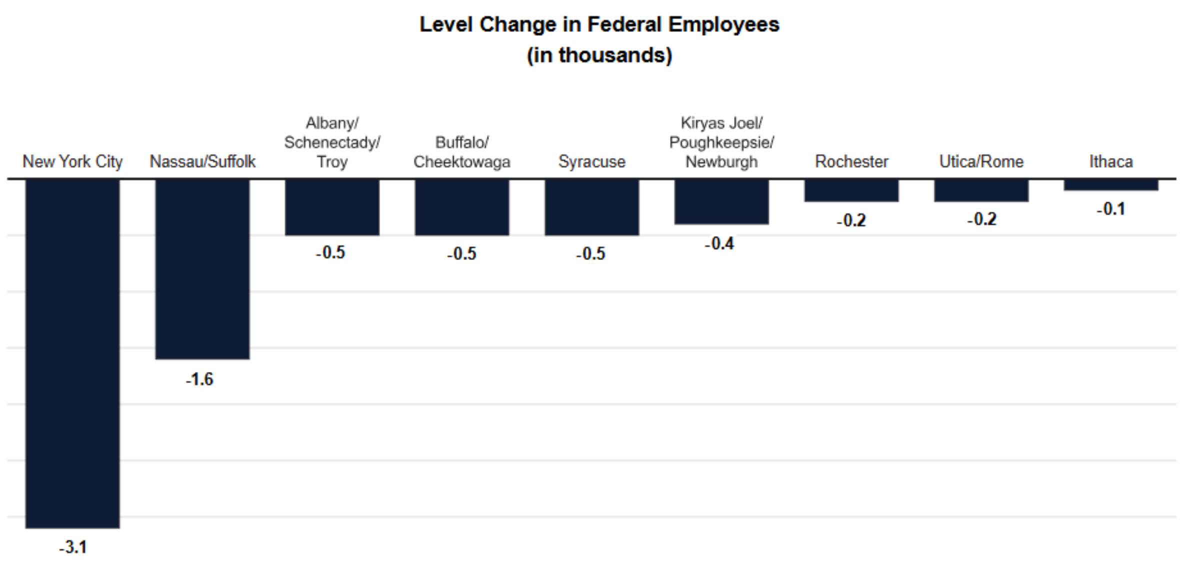
Opening data to the public helps external stakeholders monitor the use of public money and hold public officials accountable for carrying out their duties effectively. To make insight from these data easier to surface, OSC has been developing interactive and web-based tools that allow members of the public to more easily view and work with public data.

Federal Funding and New York

This essential resource provides an overview of the importance of federal funding to the State budget and the state's safety net. Updated twice a year, it provides the most recent information about federal receipts, spending, and assistance provided to individuals for everything ranging from child care to social security.

In addition, it is periodically updated to include analysis on areas where federal action is having a detrimental impact on the state, including farming and agriculture, higher education, tourism and public employment. Figures 4 and 5 are examples of the data and analysis available through this resource.

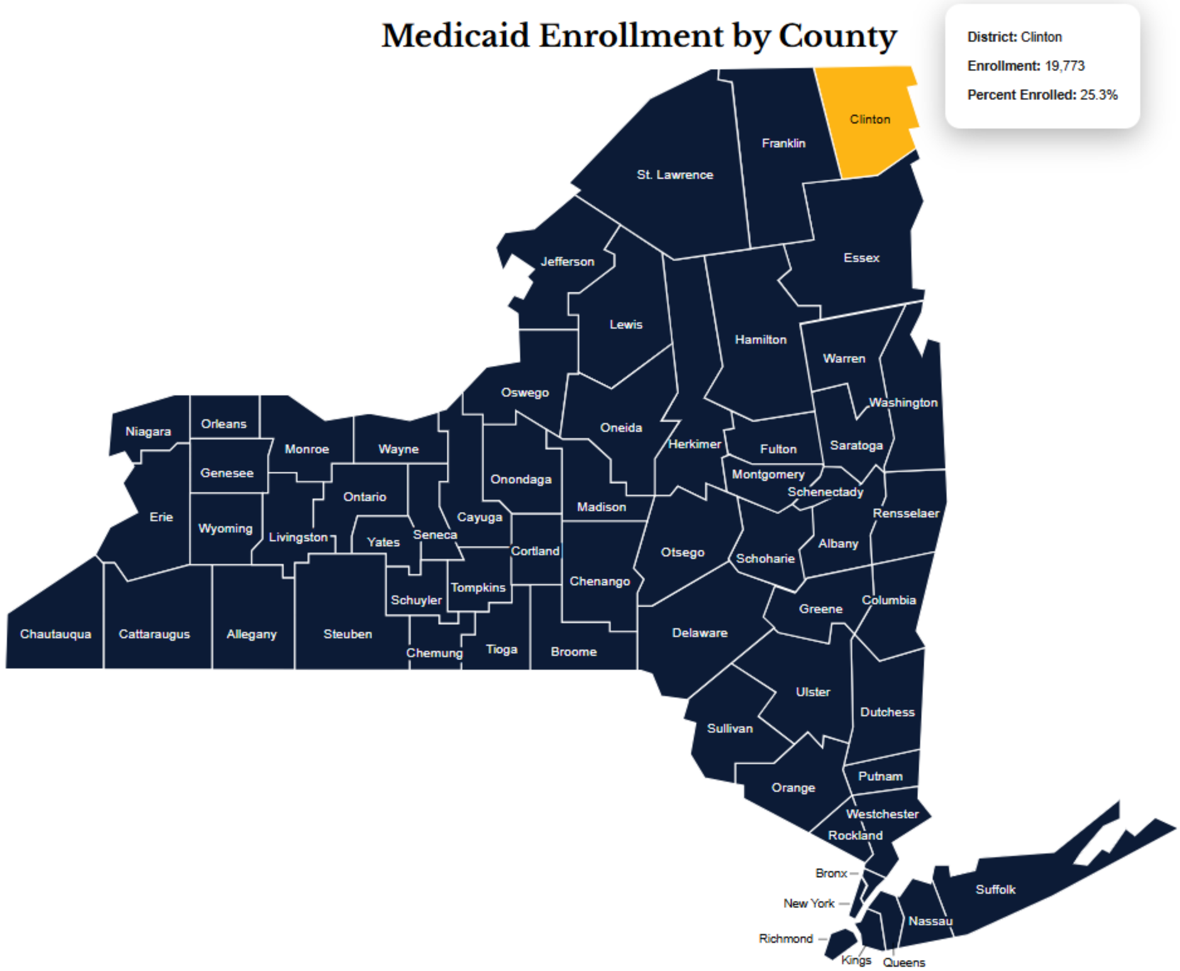
Figure 4



Note: Non-Seasonally Adjusted Data

Source: Bureau of Labor Statistics, CES, State and Metro Area Employment, Hours and Earnings

Figure 5



The insights that can be gained from the data in this dashboard are extensive. For example, in February 2025, enrollment in Medicaid totaled 6.9 million, meaning about 35 percent of the state's residents were enrolled in Medicaid. New York City residents constituted 57.8 percent of Medicaid enrollment in the state; however, Medicaid covers a significant share of residents in counties around the state. Medicaid covered at least 25 percent of residents in 36 counties, with a low of 13.7 percent in Hamilton County to a high of 68.2 percent in the Bronx.

Dashboard: [Federal Funding and New York]

Monitoring Agency Services in New York City

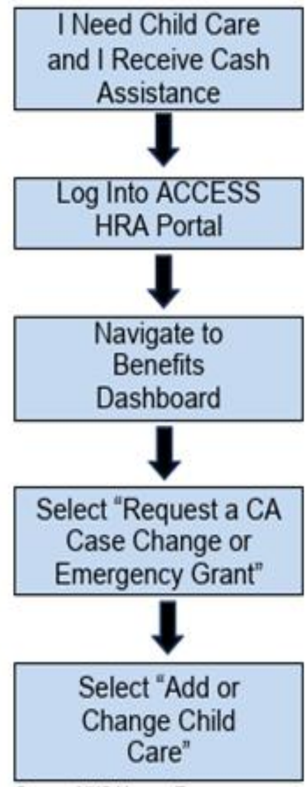
New York City provides a wide array of services to its residents. Managing the City's budget requires assessing whether these services meet demand and are delivered in a cost-efficient- manner.

In November 2025, OSC launched its New York City Government Services series, which examines City services, spending, and performance outcomes in a comprehensive manner. It has published four reports to date which focus on the City's Fleet Management, Child Care Services for Children Under Five, Services for the Unsheltered, and Older Adult Case Management and Home Care.

The reports use the City's published data to assess service provision. As part of each review, OSC evaluates the usefulness of existing data and identifies additional datapoints that would support a more complete assessment of service effectiveness and efficiency. This approach is especially timely as the City has initiated its own efforts to improve operations and service delivery.

Figure 6

Enrollment Process for Mandated Vouchers



Source: NYC Human Resources Administration

Importantly, the reports also help the public navigate access to services. Each report describes the service and its operational workflow, providing clarity regarding how residents can obtain assistance. Figure 6 is an example from the child care report.

OSC's reviews have resulted in positive changes that improved the efficiency of service delivery. As an example, three months after OSC published its childcare services report the City announced the launch of a childcare website and map which streamlines the information on the City's childcare programs and includes a questionnaire to better match families with services, both suggestions from the report. OSC's report also highlighted that the City's webpage for "How Can I Find Child Care?" included dead links, which have since been corrected.

Taxpayer Migration in New York State

Personal income taxes are New York State's largest revenue source, accounting for over 1 out of 2 tax dollars collected by the State in SFY 2026. These revenues are important to sustaining the services that New Yorkers rely on, and monitoring long term changes in the base can lead to insights about the State's financial health.

The interactive chart provides data for tax filers moving into New York, moving out of New York, and the net loss or gain of taxpayers by filing status or income, allowing users to document trends in the net outmigration of taxpayers, including which filers leave New York in the greatest numbers and at the greatest rates. The dashboard also notes how the pandemic affected tax filers, and highlights that one positive post-pandemic trend has been the net in-migration of single filers.

Figure 7

New York Taxpayer Migration Data

Year	Moved In	Moved Out	Net Change	Migration Rate
2015	122,023	152,224	-30,201	-0.33%
2016	123,204	152,079	-28,875	-0.31%
2017	127,588	155,560	-27,972	-0.30%
2018	127,381	154,457	-27,076	-0.29%
2019	128,276	157,662	-29,386	-0.31%
2020	94,295	206,753	-112,458	-1.18%
2021	150,609	189,856	-39,247	-0.41%
2022	137,643	164,732	-27,089	-0.29%
2023	125,869	141,550	-15,681	-0.17%
2024	121,251	134,913	-13,662	-0.14%

Download New York Taxpayer Migration Data

Dashboard: Taxpayer Migration in New York State

Providing Transparency for Local Financial Reporting

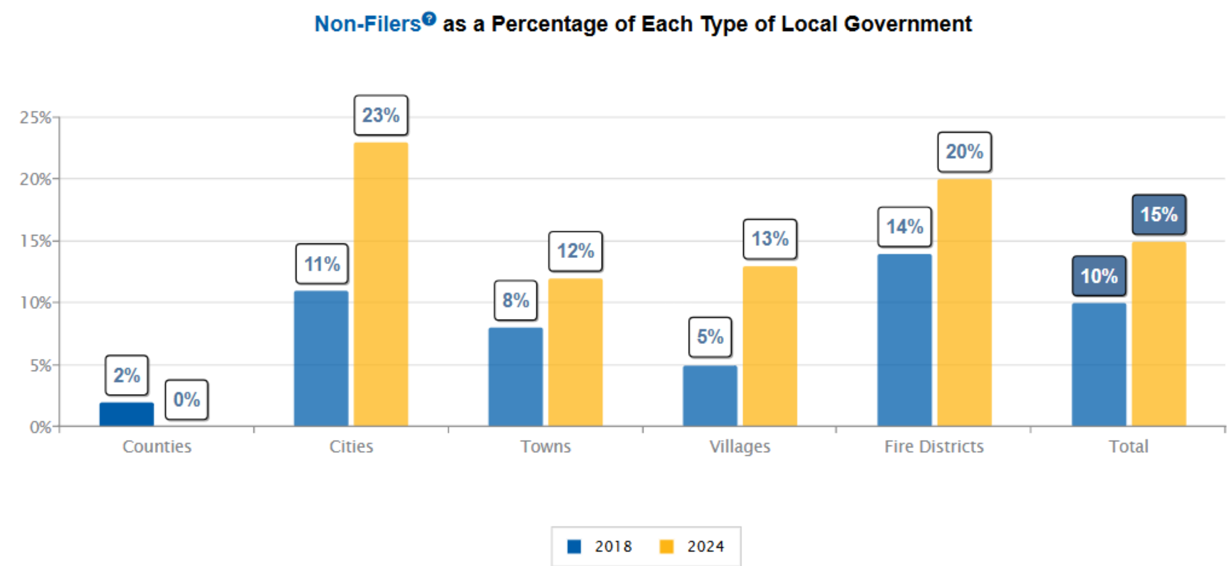
Local governments are required by law to file Annual Financial Reports (AFRs) with OSC. The filing of AFRs within statutory due dates provides transparency in assessing the financial standing of local governments. A lack of filing prevents various stakeholders – residents, local business owners, debtholders, and state and local officials – from knowing how a local government is faring. In 2024, 381 counties, cities, towns, villages and fire districts did not file AFRs within their statutory due dates; 126 local governments are persistent non-filing entities, having not filed AFRs for the last three or more years.

OSC audits have found that a lack of reporting is often an indicator of poor record-keeping and other troubling financial practices, especially when the problem persists for multiple years. In these situations, fiscal difficulties may go unnoticed and unaddressed far longer, and remedies may be correspondingly more drastic once they are caught.

OSC's AFR Non-Filing interactive tool provides metrics about non-filing local governments, and an AFR Filing Status Tracker, which allows users to search, filter and download the resulting spreadsheet of information.

Figure 8

Annual Financial Report Non-Filing Website



Interactive dashboard: [Annual Financial Report Non-Filers]

Conclusion

OSC's implementation of Section 8-c of the State Finance Law has resulted in the deployment of tools and strategies that support more effective and efficient systems for auditing payments, monitoring transactions, allocating resources, and sharing valuable results with appropriate stakeholders. These efforts have also led to the development of increasingly robust analytical models and tools. OSC continually evaluates and refines these models to incorporate additional data and apply the most effective methods to ensure that they focus on areas of greatest significance and material risk.

OSC will continue to work with State agencies and public authorities to identify business processes that can be modified to improve the detection of fraud, waste, and abuse and to prevent improper payments before they occur. By enhancing these detection capabilities, data analytics help reduce the cost of delivering services while creating a more level playing field for entities that do business with New York State. All New Yorkers benefit from this effort, which safeguards public funds and promotes a more transparent, accountable, and efficient government.

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