



Agriculture and Markets

ANDREW M. CUOMO
Governor

RICHARD A. BALL
Commissioner

August 9, 2019

Mr. Brian Reilly, Audit Director
Division of State Government Accountability
Office of the State Comptroller
110 State Street 11th Floor
Albany, New York 12236-0001

90-day Response to Office of State Comptroller Audit 2018-S-44

As required by Section 170 of the Executive law, the NYS Department of Agriculture and Markets (Department) is submitting its progress and implementation plan of the Department's Division of Agriculture Development (Division) for the recommendations made in the Office of the State Comptroller's (OSC) audit 2018-S-44. The Department is constantly exploring opportunities to improve the efficiencies of its programs and is pleased to report the following:

OSC Recommendation 1

Work with Urban Development Corporation (UDC) to strengthen policies and enforce provisions of the Apple Market Order contract, including but not limited to:

- Developing written guidelines for reimbursement of contract expenses that should be deemed necessary for the New York Apple Association's (NYAA) performance under its contract, such as travel reimbursement in excess of State Rates; and
- Enforcing contract requirements for documentation to support expenses, such as vehicle cost allocations, contractor bidding records, and sole source justifications.

Department Response 1

As a result of a site visit by Division staff, NYAA established updated procedures in September 2017 for allowable cost reimbursement along with revised expense forms. These policies provide guidelines as to allowable reimbursement costs, such as: lodging, meal, automobile rentals and airfare. In addition, NYAA has instructed its staff to retain receipts, fill out detailed expense forms and exercise due diligence in selecting the most economical forms of travel.

The Division has incorporated these new procedures into its review process for expenses. In addition, the Division has performed a review of its current policies and procedures governing the reimbursement of contract expenses and monitoring to ensure contract requirements for documentation to support expenses are met. We will discuss with UDC suggested contract guidance, policies and procedures to strengthen the controls over the Apple Market Order contract.

OSC Recommendation 2

Work with UDC to review the expenses identified in the audit and seek repayment for inappropriate, excessive, and ineligible NYAA expenses.

Department Response 2

The Division will review the expenses identified in the audit and will determine whether they were inappropriate, excessive or ineligible. After identification, the Division will discuss its findings with UDC and seek reimbursement to recover any inappropriate, excessive and/or ineligible expenses identified. In addition, the Division has notified NYAA that any such expenses should not be submitted and will not be reimbursed.

OSC Recommendation 3

Work with UDC to implement procedures to more effectively monitor market order expenses, such as obtaining electronic expense documentation and performing periodic data analyses to identify questionable or unallowable expenses.

Department Response 3

The Division has reviewed its policies and procedures and ensured that they reflect current practices. After the OSC audit, the Division began obtaining electronic expense documentation from NYAA. We will continue to perform analyses on the electronic expense documentation to identify questionable or unallowable expenses. The Division will discuss with UDC suggested changes to procedures as a result of our review.

Sincerely,



Richard A. Ball
Commissioner