



Military and Naval Affairs

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September 28, 2020

Ms. Lauren Bizzaro
State Program Examiner
Office of the State Comptroller
110 State Street
Albany, NY 12236

Dear Ms. Bizzaro:

The Division of Military and Naval Affairs (DMNA) has reviewed all of the corrective actions taken to address the Office of the State Comptroller's (OSC) draft audit report, 2018-S-66, dated January 2020 regarding the DMNA's Internal Controls Over Selected Financial Operations. The DMNA has implemented eight of the nine recommendations of the draft audit report. Due to COVID-19, the DMNA has been delayed in completing one recommendation; however, it is scheduled to be completed by December 1, 2020. As requested by your office, this agency's updated written responses are submitted below for your consideration.

Control Environment:

OSC Recommendation - Establish an internal audit function in compliance with B-350 requirements.

The DMNA Response: Currently, the DMNA is in the process of hiring an Internal Auditor. A candidate has been selected and submitted for approval through the State Budget Directors Approval (BDA) process.

The DMNA Follow Up Response: The DMNA Director of Internal Audit (DIA) was hired and started employment at the DMNA on April 2, 2020. The internal audit function is in compliance with B-350 requirements.

Master Cooperative Agreements (MCA):

OSC Recommendation - Ensure requests to NGB for reimbursement for costs covered under the MCA are adequately documented and submitted timely, and retain the related records as required.

The DMNA Response: Procedures have been instituted by the DMNA to ensure accurate documentation is maintained and submitted timely relating to reimbursable costs.

The DMNA Follow up response: Procedures were revised and implemented on January 28, 2019. The revised procedures include timeliness and monitoring of prior and current federal fiscal year MCA disbursements. The DMNA DIA reviewed the procedures,

and concluded that it met the OSC recommendations. In addition, the DMNA is conducting a comprehensive internal audit of MCA's during federal fiscal year 2021.

Credit Card Purchases and Time Records:

OSC Recommendation - Provide additional guidance and/or training that addresses requirements for both credit card purchases and time records.

The DMNA Response: Credit Card Purchases: The DMNA conducted training sessions with staff over the last six months in three geographic areas of the state regarding guidance for the use of credit cards and purchasing. In addition, policies have been updated on procedures regarding the Monthly Account Summary Transmittal (MAST) reports.

The DMNA follow up response: Training conducted in June and December 2019 covered credit card usage and purchasing. The revised MAST Report Package and SFS Reconciliation Policy bulletin effective May 1, 2019, which included in the June and December 2019 training. Options to conduct remote training in 2020, due to COVID-19 constraints, are being explored. The DMNA DIA reviewed the additional guidance and training records, and concluded that both met the OSC recommendations.

Time records: THE DMNA has issued several time and attendance guidance updates for Fire Chiefs in order to properly maintain firefighter time records. The DMNA also re-engaged discussions with the New York State Business Service Center on updating LATS-NY to accommodate firefighter timekeeping with a target of Pay Period 1 of 2020. In addition, THE DMNA is updating agency-wide bulletins for distribution on time and attendance procedures.

The DMNA follow up response: In July and November 2019, the DMNA issued email time and attendance guidance regarding tracking reconciling and maintaining overtime records to firefighter supervisors. Due to COVID-19, the conversion to LATS-NY was delayed until pay period 10 of 2020. The DMNA is in the process of updating agency wide bulletins (estimated distribution December 1, 2020).

OSC Recommendation - Implement methods to better monitor employee credit card purchases and time records that include appropriate and timely follow-up on unsubmitted MAST reports, questionable purchases, and time record discrepancies.

The DMNA Response: MAST reports: The DMNA implemented procedures to notify credit card holders in advance when MAST reports are due and alert those personnel when reports are overdue. The DMNA has also developed metrics to identify late submissions that assist in corrective actions.

The DMNA Follow up Response: The DMNA revised its MAST Report processes and SFS Reconciliation policies May 1, 2019 and included naming of MAST reports, timely submissions dates and review procedures for corrections or questions. Additionally, the DMNA created a central email address for electronic submission and consistent filing system on the network. The DMNA DIA reviewed and validated revised policies and procedures, and concluded it met the OSC recommendations. In addition, the DMNA will conduct a comprehensive internal audit and will be completed during state fiscal year 2021-22.

Time records: In order to improve accuracy, The DMNA is assessing the firefighter bi-weekly paper timesheets reconciliation process. In addition, the DMNA is developing a system using LATS-NY to randomly review time and attendance reports of employees throughout the agency to identify discrepancies and identify areas of improvement.

The DMNA follow up response: The DMNA continued limited reconciliation on a bi-weekly basis of firefighter records. In addition, the DMNA utilizes bi-weekly reports from LATS to review time records. Of note, the state firefighters converted to LATS-NY in pay period 10 of 2020, which eliminated the paper reconciliation. The DMNA DIA validated the state firefighters attendance in LATS-NY and concluded it met the OSC recommendations.

Pension Payments, Purchases, and Other Payments:

OSC Recommendation - Correct the pension error identified so that future payments are accurate and, as considered necessary and feasible, adjust future payments for previous errors.

The DMNA Response: The identified pension error has been corrected with no other errors detected.

The DMNA Follow up response: The pension error was corrected, adjusted for future payments and the recipient was notified on September 16, 2019. The DMNA DIA verified the corrective action above was accomplished by the DMNA.

OSC Recommendation - Determine whether pension payments to other individuals require adjustment, adjust them as appropriate.

The DMNA Response: All pension payments to other individuals will be reviewed for any discrepancies.

The DMNA Follow up response: Due to additional workload in response to COVID-19, the remaining pension payment reviews have not been completed. Estimated completion is December 1, 2020.

OSC Recommendation - Develop and implement a process that ensures pension benefit calculations are accurate.

The DMNA Response: The DMNA developed a standard operating procedure that outlines the review process whenever a change in the benefit calculation may occur.

The DMNA follow up response: A Standard Operating Procedure (SOP) outlining the review process relating to pension benefit changes was implemented by the DMNA on August 23, 2019. The DMNA DIA reviewed the SOP and concluded it met the OSC recommendations.

OSC Recommendation - Revise purchasing and receiving policies as needed to clarify which, if any, purchases are exempt from their provisions.

The DMNA Response: The relevant policies will be revised by May 2020 to reflect what is exempt from THE DMNA purchasing provisions.

The DMNA Follow up response: In August 2020, the purchasing and receiving policies were revised to include exemptions. The DMNA DIA reviewed the revised policy and concluded that the exempted items have been added per the OSC recommendations.

Asset Management:

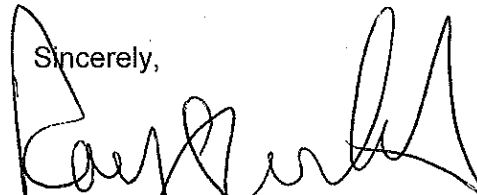
OSC Recommendation - Develop and implement guidance that addresses appropriate methods to record, maintain, and reconcile weapons records.

The DMNA Response: The DMNA implemented required controls for recording, maintaining and reconciling weapons records. The DMNA also conducted a 100% serial number inventories of weapons and sensitive items with no discrepancies noted. All inventory records are maintained at the DMNA's Facility and Engineers Directorate.

THE DMNA Follow up response: The procedures are updated to reflect the monthly reconciliation process. Since July 2019, The DMNA has been conducting 100% reconciliations of all weapons. In addition, in August 2020, the Joint Task Force Empire Shield Organizational Inspection Program reviewed the 100% of weapons and state that the weapon inventory and reconciliation process was a best practice. The DIA reviewed the August 2020 weapon reconciliation process and concluded it met the OSC recommendations with the OSC recommendations.

The point of contact in this matter is Patrick Center, Chief of Staff, State at (518) 786-6125 or patrick.j.center.nfg@mail.mil.

Sincerely,



Raymond F. Shields, Jr.
Major General, New York Army
National Guard
The Adjutant General