



**THE NEW YORK RACING ASSOCIATION INC.**  
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February 15, 2024

State of New York Office of the State Comptroller  
110 State Street  
Albany, NY 12236

Re: 30-Day Response to Purchasing and Procurement Practices Report 2023 F-31

Dear Diane Gustard,

I am writing to provide our response to the recent follow-up audit conducted by the New York State Office of the State Comptroller. We appreciate the opportunity to address the issues raised in the audit report.

At NYRA, we value transparency and accountability in our operations. We recognize the importance of the audit process in identifying areas where we can improve and enhance our procedures. We appreciate the effort put in by your team in conducting the audit and we value your recommendations of the audit report. We are committed to implementing the necessary changes to enhance our procedures and strengthen our compliance measures.

Please find attached our response to the audit report, which includes a plan for addressing the issues raised in the report. We believe that this plan demonstrates our commitment to transparency, accountability, and continuous improvement.

Sincerely,

Renee Postel  
Sr. Vice President, Chief Financial Officer

NYRA has made significant progress in implementing the recommendations from the audit. Three of the eight recommendations have been fully implemented and two have been partially implemented. The following are explanations for the Recommendations that OSC has identified as “Not Implemented” or “Partially Implemented”.

To address the OSC’s comments regarding updating NYRA's Purchasing Manual and Policy, NYRA worked closely with the New York State Franchise Oversight Board (FOB) to prepare revisions and improvements. A key takeaway from the revision process followed to obtain FOB approval, was the need to separate procedural components from the policy. It is important to note that although the Purchasing Policy requires FOB approval, the procedural components that make up the Purchasing Manual do not. NYRA is actively working on the revision and is optimistic that the Purchasing Policy will be finalized and approved by the FOB soon.

As for the OSC comments pertaining to the Purchasing Manual, NYRA is currently upgrading from its legacy Enterprise Resource Planning (ERP) system to a more advanced and modern ERP platform. The implementation of the new system is expected to take place by April 2024, and it is scheduled to go live by December 2024. As part of this transition, NYRA is replacing the existing procurement system, eRequester. The transition will bring process and procedural enhancements that must be incorporated into the Purchasing Manual. To avoid redundancy of efforts and administrative waste, the Purchasing Manual will be heavily updated as part of the transition to the new system.

However, it is important to acknowledge that NYRA has implemented all of the specific recommendations regarding the Manual outlined in the original audit as follows:

- NYRA requires detailed justification and supporting documentation to be submitted along with Bid Exception Memos.
- The approved vendors list is no longer used for purchases under \$1,000, other than where exceptions apply for specific vendors.
- Regarding the segregation of duties, internal monitoring mechanisms are in place to ensure objective and competitive pricing. For instance, the NYRA Procurement department reviews three quotes to ensure the selection of the lowest bidder unless there is a reasonable business need to select another vendor. Additionally, the CFO reviews all purchases over \$10,000 to ensure they have either three quotes, are bid out, or have a Business Exception Memo.
- NYRA intends to enhance the segregation of duties by introducing a new ERP system. Meanwhile, NYRA continues to notify all departments of the purchasing requirements through direct interaction with senior purchasing professionals, monthly Finance meetings and annual entity-wide training.
- Regarding methods to encourage competition, NYRA introduced BidNet Direct to promote competition and reach more potential vendors than traditional methods. BidNet Direct is an online procurement and purchasing platform used by government agencies and other public entities. When NYRA posts a bid on BidNet Direct, an automatic notification of procurement

opportunities is sent to relevant vendors providing the required services. Vendors can sign up for BidNet for free.

- To ensure optimal pricing, NYRA has revised its purchasing documents to explicitly allow "best and final" to ensure NYRA obtains the best market price. The revised purchasing documents were introduced in 2023 during NYRA's internal RFP/RFQ status meeting. NYRA plans to explore additional opportunities with the new ERP system, such as built-in AI for benchmarking market prices to ensure optimal prices as well as vendor performance.
- Finally, NYRA has developed criteria to determine when a comprehensive agreement is necessary based on dollar thresholds and risk factors such as the nature of the work and service duration.

Additionally, NYRA will fully implement the new fixed asset policy when the new ERP system is online, as it will include new fixed asset management features. With the new ERP system, NYRA will fully address the audit recommendations. As of October 2023, NYRA has already completed the verification of 27% of NYRA's total fixed assets and NYRA plans to complete the physical inventory of the remaining fixed assets according to the fixed asset policy.

The recommendations regarding monitoring and analyzing purchases for competitive bids are being addressed and plans are in place to implement the recommendation related to periodic risk assessments of procurement operations. NYRA management regularly reviewed potential risks by assessing process weaknesses, identifying risk factors, and taking appropriate measures to address them. Furthermore, while NYRA acknowledges that an audit conducted by the OSC auditor is not the same as a risk assessment, the OSC audit scope was comprehensive and covered a range of financial, compliance, and operational components that are usually included in a traditional risk assessment process. The OSC audit recommendations helped to address potential risks and NYRA has made significant progress in implementing the recommendations from the audit. Furthermore, NYRA has hired a new Senior Director of Procurement who is developing a framework to identify, test, report on, and manage inherent and intrinsic risks as well as extrinsic and acquired risk. Furthermore, once the transition to the new ERP system is finalized, NYRA intends to have a further risk review by an outside consultant.