New York State Comptroller
THOMAS P. DiNAPOLI

Agriculture & New York State Horse Breeding Development Fund

Security Over Critical Systems

September 2026 | Report 2026-S-2
Prepared by the Division of State Government Accountability

Contents

Authority

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law, we have conducted an audit of the Agriculture & New York State Horse Breeding Development Fund (HBDF) to determine whether security over HBDF's critical systems is sufficient to minimize the various risks associated with unauthorized access to systems and data.

Background

HBDF is a public benefit corporation established in 1965 by the Laverne Law (Laws of New York, Chapter 567 of the Laws of 1965). The mission of HBDF is to promote agriculture through the breeding of Standardbred horses and the conduct of equine research within the State. To carry out its legislative mission, HBDF administers the New York Sire Stakes races, Excelsior/State Fair Series races, and County Fair races. The New York Sire Stakes was the first program of its kind developed in North America and later became the model for state-bred racing programs in nearly all the major harness racing states and provinces on the continent. Using the money from these race series, HBDF contributes to the statewide 4-H program and the Harry M. Zweig Memorial Fund for Equine Research to promote equine research at Cornell University.

Currently, HBDF has only two employees—the Executive Director and an intern. Additional staff and support for HBDF is provided through a shared service agreement with the New York State Gaming Commission and a third-party administrator. To fulfill its mission, HBDF relies on critical data hosted by the Office of Information Technology Services (ITS). To ensure security over this data, HBDF utilizes ITS policies and procedures including the following: account management and access control, information security, patch and vulnerability management, internet privacy, and contact web pages.

Results of Audit

We identified areas where HBDF could improve certain security controls to minimize the various risks associated with unauthorized access to its systems and data. Due to the confidential nature of our findings, we communicated the details of these findings, along with the three recommendations, in a separate, confidential preliminary report to HBDF officials for their review and comment. HBDF officials agreed with our findings and indicated actions to implement our recommendations.

Recommendation

1. Implement the three recommendations included in our confidential preliminary report.

Audit Objective, Scope, and Methodology

The objective of our audit was to determine whether security over HBDF's critical systems is sufficient to minimize the various risks associated with unauthorized access to its systems and data. The audit covered the period from January 2025 through June 2026.

To accomplish our objective and assess related internal controls, we conducted interviews with HBDF officials to gain insight into their roles and responsibilities, as well as the measures they have implemented for identity and access management, vulnerabilities management concerning critical systems, and compliance with ITS' website policies and guidelines. We reviewed applicable ITS policies and procedures used by HBDF. Additionally, we performed web application scans of all HBDF websites. We obtained user data from HBDF, which we used to perform user access testing and provide background information.

Statutory Requirements

Authority

This audit was performed pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, including some duties on behalf of public authorities. For HBDF, these include operating the State's accounting system, reporting HBDF as a discrete component unit in the State's financial statements, and approving selected contracts and payments made by HBDF. These duties could be considered management functions for the purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent audit of HBDF's oversight and administration of security over critical systems.

Reporting Requirements

We provided a draft copy of this report to HBDF officials for their review and formal comment. Their response was considered in preparing this final report and is attached in its entirety at the end of the report. HBDF officials agreed with the report's findings and will address the recommendations through corrective actions to ensure compliance.

Within 180 days after the final release of this report, as required by Section 170 of the Executive Law, HBDF shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees advising what steps were taken to implement the recommendations contained herein, and where the recommendations were not implemented, the reasons why.

HBDF Response

8/10/2026

Nadine Morrell
Audit Director

In connection with the audit of the security over critical systems during the period from January 2025 through June 2026, this letter serves as a formal acknowledgment of the audit findings. The Fund will address the recommendations identified in the audit through the implementation of appropriate corrective actions to ensure ongoing compliance.

Should additional information or clarification be necessary, please feel free to contact me, and the Fund will provide any further assistance needed.

Sincerely,

Fletcher Whyland

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