

Solutions

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H. Carl McCall
State Comptroller

Office of the State Comptroller
Division of Management Audit & State Financial Services

Project Outreach

Project Outreach, an initiative of the Comptroller's Bureau of Contracts, is designed to provide State agencies with both formal training using customized procurement training modules and specific technical assistance as needed.

We have developed various training presentations including:

- Procurement Pitfalls to avoid
- Procurement Stewardship Act
- Discretionary Purchases
- Preferred Sources
- Procurement Instruments
- Using Request for Proposals
- Sole & Single Source Procurements
- Using OGS Mini-Bids
- Invitation for Bids
- Consortia Purchases
- Contract "Piggybacking"
- Purchase Authorizations
- OSC's Contract Approval Process

To give an example of the material covered in these presentations, the
Continued on page 6

A Call to Action for New York State Government

Although nothing we can say or do can lessen the impact of the terrorist attacks and the tremendous loss of lives in New York, Pennsylvania and Virginia, within hours of the attacks, Finance Officers from around the country were developing and implementing plans to make funds available to victims and relief agencies.

Compassion was the keyword from Washington to New York and everyone we came in contact with, or asked assistance of, was more than willing to help. Federal finance officers were outstanding in their resolve to help New York State finance the relief efforts and to date, no reasonable request has been denied.

The Office of the State Comptroller

(OSC) quickly formed communication links and partnerships with the Division of the Budget (DOB), State Emergency Management Office (SEMO) and agency Single Audit and CMIA liaisons; as well as with the Federal Emergency Management Agency (FEMA). This group of subject matter experts



recognized the need to immediately make funds available and arrangements were made to wire transfer money to New York City to provide funds for extraordinary disaster expenses. At the same time, preserving the integrity of the State's central accounting system records (which we rely on to demonstrate compliance with rules and regulations governing the use of federal funds) and appropriate focus on accountability for payments we made were seen as an absolute necessity.
Continued on page 6

This Issue

WTC Accounting Bulletin * WTC Emergency Procurement Guidelines * Payroll Upgrade * OSC on the Move * Recent Audit Topics * Global Credential Proposed by AICPA * Standards for Consulting Engagements * Circular A-133 * Auto Check Combining * New CAS Project Director * Sole Custody

Tracking World Trade Center Disaster Costs

On September 18, the Office of the State Comptroller issued Bulletin No. A-490 to explain the procedures to be followed for voucher payments and journal transfers resulting from the September 11 attack on the World Trade Center (WTC).

Identification of these payments will be critical for seeking federal reimbursements and providing necessary reporting of costs associated with the WTC recovery efforts.

On September 13, 2001, Chapter 296 of the Laws of 2001 was passed to provide \$5 billion in federal appropriation authority and \$500 million in State appropriation authority. These appropriations are available for allocation by the Budget Director to any State department or agency providing assistance in the recovery from the WTC tragedy.

Budget certificates for appropriations and segregations that are enacted specifically for payments resulting from the disaster must use "WTprogram" in positions one through nine of the program code fields.

Voucher and Journal Voucher Preparation

We ask that agencies prepare vouchers and journal vouchers (Standard, Special Charge, Travel, Contract Payment Requests) for payments related to the WTC disaster as follows:

- **Indicator-Statewide** – Enter "W" for each payment on the voucher related to the disaster. (This will facilitate identifying payees receiving these payments.)
- **Accumulator-Statewide** – Prepare separate expenditure charge lines for charges related to the WTC disaster and enter "W" in the Accumulator-Statewide field of the voucher or journal voucher. (This will be used to identify amounts for future reimbursement and reporting.)

Both of these fields can contain more than one code; Indicator-Statewide contains five positions and Accumulator-Statewide contains three positions. So, for example, if you enter a "D" (discretionary purchase) in Indicator-Statewide, enter "DW" to also indicate a WTC payment.

A separate Batch Type "VWT" has been established and is available for use if a payment needs to be expedited. To expedite WTC-related payments, please batch vouchers separately and enter Batch Type "VWT." Please note that Quick Pay vouchers, cash advance reimbursements and travel

advance reimbursements must continue to use existing batch types.

Agencies should be aware that certain personal service (regular and overtime) costs associated with the WTC disaster may be eligible to be financed with federal FEMA grants. Therefore, agencies are reminded that complete and accurate documentation of these State-financed costs should be kept. In the event that these expenditures are approved for federal reimbursement, then journal vouchers (JV's) must be submitted to OSC to transfer these appropriated expenses from State funds to Federal (FEMA) funds.

FEMA guidelines limit fringe benefit costs that are incurred as a direct result of salary expenses for overtime. Accordingly, fringe benefit assessments attributable to SFY 2001-02 overtime payments made from appropriations of the Federal Operating Grants Fund – FEMA Grant for World Trade Center Assistance Account (290-WT) will be calculated at the approved FEMA rate of 10.63%. This includes employer costs for Pension Fund contributions (3.11%) and Social Security tax (7.52%).

Please direct questions to:

Accounting Operations	
• Budget Certificates	Bill McCormick (518) 474-4023
• Cash Advances	John Brownell (518) 486-1222
Accounting Systems	Anne Mosher (518) 473-0598
Contracts	Jerry Lipfeld (518) 402-2969
State Expenditures	Dawn Warriner (518) 474-4868

A copy of Accounting Bulletin No. A-490 can be obtained by visiting the Comptroller's web site at www.osc.state.ny.us, click on State Agencies.

Office of the State Comptroller		
ACCOUNTING BULLETIN		
Subject	Bulletin No.	Date
WORLD TRADE CENTER DISASTER	A-490	09/18/01
FOR IMMEDIATE ACTION		
PURPOSE	To explain the procedures to be followed for voucher payments and journal transfers resulting from the September 11, 2001 attack on the New York City World Trade Center (WTC).	
	NOTE: Identification of these payments will be critical for seeking federal reimbursements and providing necessary reporting of costs associated with the WTC recovery efforts.	
APPROPRIATIONS	On 9/13/01, Chapter 296, 2001 was passed and signed into law to provide \$5 billion in federal appropriation authority and \$500 million in state funds authority. These appropriations are available for allocation by the Budget Director to any state department or agency, providing assistance in the recovery from the WTC tragedy.	
	Other agency appropriations are available and provide authority for goods and services procured as a result of the disaster.	
DOCUMENT PROCESSING		
Budget Certificates	Budget certificates for appropriations and segregations that are enacted specifically for payments resulting from the disaster must use "WTprogram" in positions one through nine of the program code fields.	
Vouchers	Prepare vouchers (Standard, Special Charge, Travel, Contract Payment Requests) for payments related to the WTC disaster as follows:	
	<ul style="list-style-type: none"> ○ Indicator-Statewide – Enter "W", as shown on Exhibit A, for each payment on the voucher related to the disaster. (This will facilitate identifying payees receiving these payments.) ○ Accumulator-Statewide – Prepare separate expenditure charge lines for charges related to the WTC disaster and enter "W", as shown on Exhibit A, in the Accumulator-Statewide field. (This will be used to identify amounts for future reimbursement and reporting.) 	
	NOTE: Both of these fields can contain more than one code; Indicator-Statewide contains five positions and Accumulator-Statewide contains three positions.	

WTC Emergency Procurement Guidelines

In the wake of the September 11 tragedy at the World Trade Center in New York City, the Bureau of Contracts stands ready to immediately assist agencies with emergency procurement and contracting needs.

OSC has promulgated emergency regulations providing a blanket exemption from the publication requirements contained in Article 4-C of the Economic Development Law for all World Trade Center disaster-related contracts.

Jerry Lipfeld has been appointed as Emergency Contracts Liaison to coordinate requests for special assistance relating to this tragedy and to make sure that requests are answered

timely and to the fullest extent possible.

To expedite processing, we ask that you write "WTC Emergency" in red ink across the top of all contracts and purchase orders related to the destruction of the World Trade Center so that we may immediately identify them as such.

Please contact Jerry for any special procurement requests such as single or sole source contracts, expedited handling, etc. He can be reached at (518) 402-2969. His e-mail address is jlipfeld@osc.state.ny.us. If you have difficulty contacting him at this number or this address, please call the Director's Office at (518) 474-4622.

Payroll Upgrade Project Seeks User Requirements

The on-site arrival in November of Cedar Enterprise Solutions consultants to OSC's Payroll System Upgrade Project signals the beginning of the Project's first phase, the development of user requirements for the next version of the State payroll system.

"The Payroll Upgrade Project is proceeding with a clear recognition that the input of stakeholders and users is vital to achieving the best outcome," said Project Director Daniel Berry. "We plan to involve stakeholders and users at strategic points throughout the Project to ensure that their viewpoints and perspectives are well understood and fully considered."

Beginning in December, agency users and other stakeholders will be invited to provide input into the development of the requirements for the upgraded system. Additionally, an Advisory Council representing key State government stakeholders, initiated last February, continues to provide guidance and oversight to the project.

"We are confident that OSC's Upgrade partner, Cedar Enterprise Solutions, will bring valuable product and best practice expertise to the State's payroll upgrade initiative," said Margaret M. Sherman, Deputy Comptroller for Payroll and Revenue Services.

Selected as the Project's Integrator/Developer contractor through an open competitive procurement process, the firm offers a successful track record of PeopleSoft payroll system implementations and upgrades and expertise in the most

recent PeopleSoft payroll software, version 8. "Additionally, many Cedar consultants have hands-on payroll processing experience in the private and public sectors; they understand the challenges and responsibilities of putting out a payroll," Sherman pointed out.

Cedar's recent projects have included payroll system implementations or upgrades for the New York State Thruway Authority, the New York City Department of Citywide Administrative Services (DCAS), and the State of Georgia.

"We're glad to have Cedar on board and be able to begin to get this project underway," said Assistant Deputy Comptroller Ray Casey. "We worked hard to ensure a model procurement, and now we are focusing on using the best practices available in project management. As an important initial step, we have defined our roles and responsibilities for this Upgrade Project. Considering the depth of expertise developed by our own staff during and subsequent to the 1998 implementation, OSC and Cedar staff experts will be collaborating on every aspect of this major upgrade as we target an early 2003 completion."

The Upgrade Project's plan also focuses strongly on communicating with stakeholders and users. "A central emphasis throughout the life of the Project will be on two-way communications around decisions and progress," said Berry.

Operations to Move to 110 State Street

In the September 2001 issue of *Solutions* we promised more news about OSC's upcoming move to our new building at 110 State Street in Albany. The move will be phased and it will begin mid December 2001. In many cases, other than changing your address files, the change will not affect you. OSC's phone numbers and e-mail addresses will remain the same. Our new mailing address is:

**Office of the State Comptroller
110 State Street
Albany, New York 12236-0001**

Bureau telephone and fax numbers are not changing. Because of security requirements in the new building, agencies may need to modify their mail delivery and pick-up processes. In particular, beginning December 2001, the Bureau of Contracts has implemented new procedures for accepting incoming contracts and mailing out approved contracts.

New Procedures for Contracts

The Office of the State Comptroller's new building is a secure building. Therefore, there will be no public access to the building for mail delivery other than in the receiving area. Couriers delivering contracts to the new building will be required to ring for entry at the Howard Street entrance located at the rear of the building. Limited short-term parking will be available. Upon entry, couriers will be directed to the Office Services Unit, which will accept the package and

deliver it to the Bureau of Contracts. The Office Services Unit will make several deliveries to the Bureau of Contracts daily in order to avoid any contract processing delays. Please make sure that your packages are marked "BUREAU OF CONTRACTS" to avoid delay.



Contract Pick-Up

Couriers will not be able to pick up approved contract documents at the Comptroller's Office after December 1, 2001. They will be sent out through the normal interagency mailing process. If an emergency arises and a contract must be hand delivered or picked up immediately after approval, agencies must call the Bureau of Contracts, in advance, to make special arrangements for someone to meet the courier.

For questions regarding contract delivery or pick-up, please contact Pamela Russell, Bureau of Contracts Move Coordinator, at (518) 486-3075.

Please see Comptroller's Bulletin G-200 for the most up to date information on the move. It will be updated periodically and can be accessed at the Comptroller's Office web site at www.osc.state.ny.us under "Comptroller's News for State Agencies."

Recent Audit Topics

Do you know the value of all the significant assets that your agency owns? Management Audit Group (MAG) staff have been asking this question of State agencies to assess the State's readiness for compliance with requirements of Government Accounting Standards Board (GASB) Statement 34 for the State's 2002-03 fiscal year. Agencies were previously required to report building and equipment assets to the Office of General Services (OGS) for entry on the State's perpetual inventory system, but GASB 34 will require that all significant capital assets, including infrastructure like roads and bridges, be valued and reported. To assess agencies' readiness for the GASB 34 era, MAG staff have been reviewing agencies' compliance with existing reporting requirements and their preparations for GASB 34 reporting. In reports issued in October 2001, the auditors noted that the

State Education Department, Department of Labor and Office of Children and Family Services (OCFS) were making adequate progress in preparing for the new requirements. However, MAG encouraged OCFS to conduct more physical inventories and to regularly update OGS perpetual inventory records to help ensure a smooth transition to GASB 34 reporting.

In an audit issued October 15, 2001, MAG reported on the Fair Hearing Process, by which public assistance applicants and recipients can appeal determinations made by the New York City Human Resources Administration (HRA) to deny, discontinue or reduce their benefits. MAG found that, even though many HRA determinations are appealed, and many of these HRA determinations are reversed by administrative

Continued on page 8

Global Credential Proposed by AICPA

Over the last several months, the American Institute of Certified Public Accountants and several state societies of CPAs have been discussing the AICPA's proposal to partner with an international consortium of accounting institutes to develop a new global credential, called by its placeholder name the "XYZ" credential. The XYZ credential is designed to be an interdisciplinary credential that would signify that the

individual is able to integrate knowledge from a variety of business disciplines and cultures in order to provide advisory services to their clients or employers. According to an article in the May 2001 *Journal of Accountancy*, the XYZ designation project is an outgrowth of the AICPA's effort to help its members excel in a competitive marketplace. It is being promoted as a complement to the CPA designation and not a replacement. The

XYZ designation would be separate from the CPA credential and would stand beside any degrees or other professional designations that an individual holds. Further, in a departure from other AICPA specialized designations, an individual would not have to be a CPA in order to earn the designation.

Debate over the XYZ designation is occurring on several fronts. Among

Continued on page 8

New Standards Issued For Consulting Engagements

The Internal Auditing Standards Board has completed the second phase in the process of significantly revising The Institute of Internal Auditors' (IIA) *Standards for the Professional Practice of Internal Auditing (Standards)*. During this phase, the Board sought to develop new implementation standards for consulting engagements. These standards were provided to the profession as an exposure draft on May 1, 2001. The Standards Board has carefully reviewed every comment received, and adopted revisions where appropriate. The implementation standards for consulting engagements have now been formally adopted, and

are now available for use by the profession.

The Internal Auditing Standards Board has approved 21 new Standards for the professional practice of internal auditing, 20 of which are Implementation Standards for consulting engagements. They have also revised the definition of "consulting services" that is included in the glossary for the Standards.

Immediate implementation of the new Standards is highly encouraged; however, in order to allow time for wide dissemination, translation, and implementation of these Standards, a

grace period is in effect until July 1, 2002, during which time use of the new Implementation Standards for consulting engagements is not mandatory.

The new Standards will be of significant value to internal auditing practitioners, and IIA suggests publicizing their availability to your staff and other internal auditors.

To view the new Standards and related guidance, go to the Institute of Internal Auditors' web site at <http://www.theiia.org/guidance/Standards/Standards-10-2001.doc>.

2001 Circular A-133 Compliance Supplement Available

The 2001 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Compliance Supplement has been updated to add 16 additional programs, reflect program changes and make technical corrections. The 2001 Supplement will apply to audits of fiscal years beginning after June 30, 2000, and supersedes the 2000 Supplement.

Copies of the 2001 Supplement may be purchased at any Government Printing Office (GPO) bookstore (stock numbers: 041-001-00562-5 (paper) and 041-001-00563-3 (CD-ROM)).

The main GPO bookstore is located at: 710 North Capitol Street, NW, Washington, DC 20401; phone – (202) 512-0132. A copy may also be obtained under the "Grants Management" heading from the OMB Web site: www.whitehouse.gov/OMB.

Project Outreach

Continued from page 1

Pitfalls presentation discusses a wide scope of problems agencies face or fall into when procuring goods and services. The training session is intended to help State procurement officials obtain protest-free and approvable contracts by sharing some tips on preventive measures.

Since September of 2000 we have conducted over 30 training sessions and have reached over 2,800 State procurement staff. In addition, we have received over 350 phone calls for procurement assistance since March of 2000.



The Bureau has developed a manual designed to assist procurement agents of New York State in their mission of obtaining the best goods and services needed at a reasonable price and in compliance with State requirements.

This manual includes:

- **Procurement Planning**
- **Understanding Best Value Procurements**
- **Pitfalls in New York State Procurements**
- **Examples of Bid Forms and other Procurement Instruments**
- **Request for Proposal Template**
- **Invitation for Bids for Services Template**
- **Invitation for Bids for Commodities Template**
- **Recommended Evaluation Selection Criteria**

We are all working toward the goal of processing future documents in a streamlined process. The expansion of “Quick Contracting” and moving closer to e-commerce should greatly assist us in this goal. Employing uniform documents (templates) and other related procurement instruments will assist agency staff to be “on the same page” in terms of New York State acceptable purchasing practices. If your Agency would like to participate in this training initiative or receive the manual please contact Jerry Lipfeld at jlipfeld@osc.state.ny.us or call 402-2969.

A Call to Action for New York State Government

Continued from page 1

Written communications with Finance Officers were agreed-to and issued so that accountability for disaster related payments will be maintained and available for review.

In addition, special delivery arrangements were made to ensure that paychecks were delivered to State employees or their families. OSC also established emergency liaisons to manage all World Trade Center procurement and payment activities. Working with other key agencies, OSC streamlined some procurement process requirements resulting in negotiation and approval of contracts and leases in record time since September 11th. On the expenditure side, everyone has worked cooperatively to guarantee that payments can get out the door and into to the hands of those who need them.

Hundreds of New York State and Local Retirement Systems members were among the victims on September 11. Because the Retirement Systems consultation site in the World Trade Center was also destroyed, Comptroller McCall quickly established an alternative location and initiated extensive outreach so that the victims’ families could obtain information about survivor and accidental death benefits.

Thanks to the efforts of staff of the Department of Taxation and Finance, who coordinated the accounting and reporting for donations made to the WTC Disaster Relief Fund, on November 19th the first payments from the WTC Disaster Relief Fund were made by the State to the surviving spouses and/or domestic partners of the victims of the terrorist attacks.

In addition, last-minute arrangements were made to offer state employees an opportunity to continue helping victims through State Employees Federated Appeal (SEFA) payroll deductions to the WTC Disaster Relief Fund and a host of other charitable organizations directly involved in providing disaster assistance to those in need.

It is clear that financing the WTC disaster recovery efforts is a monumental task involving government leaders and agency personnel at all levels. Representatives from the SEMO, DOB and OSC are continuing to meet with agency program and fiscal personnel to provide briefings on the status of federal funding for disaster assistance and to share information on their relief efforts. While there is a great deal that remains to be done in the process of recovering from the terrorist attack on the World Trade Center, let there be no mistake about it — New Yorker’s have shown the world how strong we are. We will honor those who perished by remaining committed to helping the victims and rebuilding our Empire State!

Auto Check Combining

The Central Accounting System (CAS) now combines payments daily across agencies into one check per payee without requiring any special voucher coding by agencies. Vendors will benefit by no longer receiving many checks from the State each day, reducing their processing costs. The Office of the State Comptroller and the Division of the Treasury will benefit from reduced checks and decreased postage and handling costs. Related savings from decreased check stock, postage and bank fees alone are estimated at over \$300,000 annually.

Payee ID's and Addresses

Payments will be combined if the Check Date, Payee ID (FEIN/SSN) and Zip Plus 4 are the same. Zip Plus 4 is generated by the CAS from the address entered on the voucher by the originating agency. Since check combining relies on proper address it's important to adhere to the postal standards explained in Accounting Bulletin A-491.

CAS Reports and Transactions Files

CAS reports and transaction files will not be affected by Auto Check Combining.

- Payee List By Agency and Voucher (VOU065) will continue to list all current data;
- Transaction files sent to agencies will not change but the same check number can appear for multiple vouchers; and,
- The Payment Database inquiry (<https://www2.osc.state.ny.us/pay>) will show the total check amount and list all combined payments.

Auto Check Combining is the latest in a series of projects designed to decrease payment processing costs for the estimated 15,000 payments made daily by the CAS. Other recent projects include electronic payments to municipalities, vendors and state agency advance accounts, as well as e-mailing remittance information to electronic payees for a fully electronic payment process.

Direct questions on Auto Check Combining to the Accounting Information Center at acctsys@osc.state.ny.us or (518) 473-1170.

New CAS Redesign Project Director

OSC is pleased to welcome Roseanne Kryjak who recently joined the Office of the State Comptroller as the Project Director for the Central Accounting System Redesign and Financial Management Systems Integration Project. Roseanne comes from the Department of Public Service where she headed the Information Technology Department. Prior to this position, Roseanne worked for 14 years at both the Department of Health(DOH) and the NYS Higher Education Services Corporation.



At DOH, one of her primary responsibilities was to serve as the project manager for implementing the Women, Infants and Children Statewide Information System. This system services 500,000 participants at 550 clinics across New York State and provides vouchers for foods redeemed at 3,800 retail vendors.

Roseanne will be responsible for ensuring that a comprehensive, consensus-based vision is developed for the project. "We are extremely pleased that someone with an extensive background in systems will lead this high performing team. We also believe that Roseanne's project management experience at other State agencies will prove invaluable as we move forward with this mission-critical project," commented Bob Attmore, Deputy Comptroller of the Division.

Roseanne has a Bachelor's of Science Degree from Manhattan College and a Masters Degree in Computer Science from Union College.

Financial & Audit Solutions

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Global Credential Proposed by AICPA

Continued from page 5

CPAs not supportive of the designation, concerns have been expressed that the new XYZ designation will in some ways undermine the CPA designation. They are concerned that the AICPA's involvement in a non-CPA designation will cause the AICPA to lose focus on its primary customers, the CPA community. Those CPAs that are supportive of the XYZ designation view its development as an opportunity to expand their services and improve the recognition of their existing credentials in the global marketplace. They also believe that it will allow the CPA profession to be in the forefront of a new profession. It is further believed that it will enhance the profession's ability to retain and attract new members to the CPA profession.

For information on the proposed new designation, you may visit the AICPA's website at www.aicpa.org/pubs/jofa/apr2001/news_sr.htm.

Recent Audit Topics

Continued from page 4

law judges during the Hearing process, HRA does not collect data about why determinations are appealed in the first place, and why HRA loses decisions at Hearings. Since Hearings are costly and time-consuming to prepare for and conduct, and can also be burdensome for the people who bring the appeals, MAG recommended that HRA collect and examine Hearing-related data and take actions needed to reduce the number of appeals and reversals.

MAG continually audits Medicaid payments made to health providers by the Department of Health's (Health) Medicaid Management Information System and annually identifies many millions of dollars of both actual and potential Medicaid cost savings. In a report issued November 1, 2001, MAG auditors found that, over a four-year period, Medicaid made duplicate payments of as much as \$3.3 million for diagnostic and special education services provided to children with

disabilities. The law allows school districts and counties to be reimbursed by Medicaid for the costs of these services. However, in these instances, both the child's school district or county and the facility that delivered the services submitted claims for the same services. MAG recommended that Health investigate these payments, recover actual overpayments, and improve processing controls to prevent making such overpayments in the future.

Reminder - Sole Custody Reporting

As we reported in the September edition of *Solutions*, a new web-based application was piloted last year for certain agencies to file their annual sole custody accounting reports electronically. Based on the feedback we received from the pilot agencies, improvements have been made to the application and all of the bank account data for State agencies has now been loaded into OSC's database of sole custody bank accounts. For the reporting period ended March 31, 2002, all state agencies will be enabled to complete their required reports using the Internet. During the first week in March, State agencies will receive a user ID and password with complete instructions on how to file the 2001-02 reports. In the meantime, we strongly suggest that agencies review their procedures and control practices to make sure that all bank account reconciliations, for accounts under the administrative control of agency employees, are current and complete. Doing so now will make the filing of sole custody financial reports much easier and trouble-free next Spring.