

# Solutions

October 2003 ♦ Volume V ♦ Issue 4

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## Guiding Principles Make the Difference For the Central Accounting System

The replacement of a Central Accounting System, like any strategic IT initiative, is a major task. Typically, system users define the purchase of new, powerful software, and high-powered hardware as the most

guiding principles will help to illuminate this discussion.

- The Central Accounting System (CAS) will be designed based on assumptions of what “should be,” looking toward a 20-to-30 year time

“New York is still in the midst of their work. But I consider their starting point ‘cool’ in itself. After consideration, our clients decided to *start with strategy!*”

*The Public Strategies Group  
Consultants to the FOCAS Project  
[www.psgroup.com](http://www.psgroup.com)*

important elements for system creation. This is only partially true.

OSC recognized early on that there are other crucial steps that must be completed before thinking about software and hardware purchases. Of utmost importance is the definition of values that guide the engineering of business processes and that shape the message that the system design sends to users. Examples of three of the

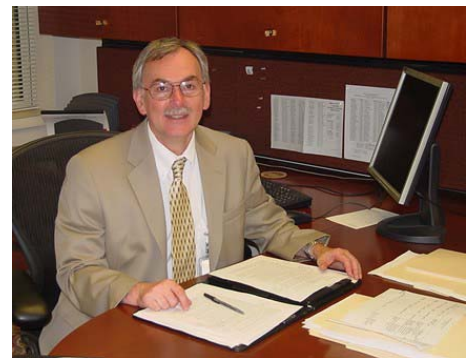
horizon, the likely life of the new CAS. The new system will not be constrained by existing system capabilities.

- New York State and OSC should accept reasonable risk in return for reasonable rewards in the form of lower costs, improved products and results, and/or better customer service.
- The CAS will be designed based on the assumption that organizations using

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## Dan Berry Appointed

Daniel C. Berry has been appointed Assistant Comptroller of the Division of Payroll and Revenue Services, which includes the Bureau of State Payroll Services, the Payroll



System Upgrade Project and the Office of Unclaimed Funds.

Mr. Berry joined OSC nearly three years ago as the Director of the Payroll System Upgrade Project, which is now in the closeout phase. He was responsible for overseeing the Project Office and coordinating the efforts of project consultants and Payroll Bureau and Bureau of Information Technology Services staff.

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Yellow Book Update \* Online Federal System \* Comptroller Issues 2003 Fiscal Year-End Reports  
Travel News \* Continued Payroll System Improvements \* Ten Years of Comparison

# Data Protection

## Upgrading your computer?

### Did you protect your data?

#### Chances are your data is vulnerable.

So, you think you have cleaned all your work and personal files from that old computer hard drive you plan to replace. You better think again; chances are that the data is still there and waiting to be exploited.

A recent article published by the Associated Press noted that two MIT graduate students purchased 158 used hard drives ranging in price from \$5 to \$30. Of the 129 drives that functioned, the students found that 69 drives still have recoverable files on them and 49 drives contained “significant personal information,” such as medical correspondence, love letters and 5,000 credit card numbers. One of the hard drives even had a year’s worth of transactions with account numbers from an ATM in Illinois. The students found that the business that refurbished the ATM hard drive just removed it from the computer and sold it without clearing the data from it. In addition, last spring the State of Pennsylvania sold to local resellers computers that contained information about State employees.

On common operating systems like Microsoft’s Windows products, simply deleting a file or even following that up by emptying the “trash” folder doesn’t necessarily make the information irretrievable. These common commands generally delete a file’s name from the directory, so it won’t show up when the files are listed, but the information itself can live on

until it is overwritten by new files. Even reformatting a drive may not sufficiently erase data. Fifty-one of the 129 working drives noted earlier had been formatted, but 19 of them still contained recoverable data.

Although many drives are reformatted before they are sold, formatting does not fully sanitize a disk. For example, Microsoft’s Windows “format” command doesn’t overwrite every block of data. The only sure way to erase a hard drive is to “squeeze” it: write over the old information with new data (i.e., all zeros) at least once, but preferably several times. Protecting your data is simple and cost effective. For example, some data dump tools that can be used to erase hard drives are free (i.e., Eraser).

Other inexpensive Windows platform programs are also available (i.e., Cyberscrub \$39.95 and Wiperaser XP \$24.95).

If you are interested in learning more about these data tools, visit these websites:

Eraser <http://www.heidi.ie/eraser/>

Cyberscrub <http://www.cyberscrub.com/>

WiperaserXP <http://www.liveye.com/wiperaser>

Before you discard your old computer, ask yourself: Have I protected myself and the confidentiality of the data on my computer by sanitizing the hard drive? If the answer is no, you may want to use a data tool and “squeeze” the hard drive.

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## Audit Issue - Payroll Procedures at Small Agencies and Authorities

**A**t the State Audit Bureau (Bureau), we are responsible for ensuring that proper controls exist over the basic financial operations of the State. However, due to limited staffing resources, we cannot perform audits at every State agency and authority as often as we would like. To resolve this dilemma, we devised a new audit process in the spring of 2001– the Internal Control Quick Review (Review) - to increase our coverage of small entities. These Reviews will provide us with greater confidence that these small entities have adequate systems of internal controls over their basic

financial operations and that their employees are properly using these systems.

These Reviews take only two to three weeks to complete and provide both our Bureau and the entities with feedback on the adequacy of their internal controls over five basic financial operations: revenues, cash, payroll, purchasing and equipment. To date, the Reviews we have completed have identified problems common to many of the entities. In this article, we will explore some of the internal control problems

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# State Audit Bureau Collaborates with the State University at Albany

The State Audit Bureau's Network Security Unit and the State University at Albany have embarked on an ambitious partnership which includes the use of student interns, collaboration on training exercises and IT knowledge sharing.

Since 2000, the Network Security Unit (NSU) staff have periodically met and discussed IT audit and industry initiatives. These discussions led to the use of four student interns from the University's School of Business. These students had the combination of IT and accounting knowledge, which complemented NSU's mission and objectives. Even today, NSU is still utilizing interns from the University.



NSU's collaboration expanded this past spring semester when it hosted a session on Network Vulnerabilities for a group of 13 students. They utilized the equipment, software and expertise of NSU's staff to complete a "Total Immersion

Class." The class provided students hands-on experience with the software tools they had been reading about in their textbooks during the school semester.

Sessions focused on various hacking techniques and tools that would help protect against hackers, (i.e., firewalls and intrusion detection systems). In addition, NSU staff members provided commentary on the Unit's history and mission, as well as demonstrating some of the various tools and techniques they have become familiar with during their time in the NSU.

NSU's future plans are to further enhance this partnership between the State Audit Bureau and the State University at Albany. It will host additional classes, such as advanced hacking and security auditing, with both University at Albany students and OSC employees as attendees. Additionally, a School of Business professor invited NSU staff to present seminars at the University to students in various technical areas of expertise. Finally, NSU is planning several simulation exercises. These exercises will improve the marketability of students who want to gain knowledge and training in the area of network security, and NSU staff can gain valuable insight from youthful, yet quite experienced, computer users: college students.

Much has been gained through NSU's collaboration with the University, its students and its resources. Both NSU staff and University students have benefited from the knowledge transfer of this collaboration. NSU looks forward to its future endeavors with the University.

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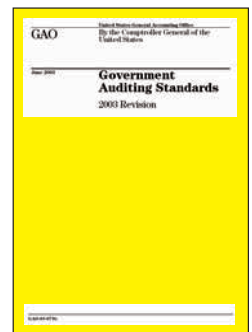
## Yellow Book Update

The United States General Accounting Office (GAO) has released a revised version of its publication Government Auditing Standards, commonly known as the "Yellow Book." This is the fourth revision of the overall standards since they were first issued in 1972. This revision supersedes the 1994 revision.

It redefines the types of audits and services covered by the standards, including an expansion of the definition of performance auditing to incorporate prospective analyses and other studies, and adding attestation as a separate type of audit. The revision also provides consistency in the field work and reporting requirements among all types of audits defined under the standards, and it strengthens the standards and

clarifies the language in areas that, by themselves, do not warrant a separate amendment to the standards. The standards incorporate the field work and reporting standards issued by the AICPA.

In releasing the standards, David Walker, Comptroller General of the United States and head of the GAO, called on auditors to seek opportunities to do additional work when it is appropriate, particularly in connection with testing and reporting in internal controls.



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# Federal System Goes Online, ASAP

The Financial Management Service (FMS), a bureau of the U.S. Department of the Treasury, is developing an Internet application to replace the legacy Automated Standard Application for Payments (ASAP) system. ASAP allows grantee organizations receiving Federal funds to draw from accounts pre-authorized by Federal agencies. The new application, ASAP.gov, is scheduled for implementation in November 2003. Unlike the current ASAP system that is modem based, ASAP.gov is Internet based and requires no special software. ASAP.gov will also offer many new features not available in the current ASAP legacy application.

ASAP.gov Version 1.0 will be implemented in two phases. The first phase is expected to be rolled out to users this November. It will include functionality for authorizations,

payments, accounts, and adjustments. The second phase, expected to be implemented in April 2004, will include enrollment and automated return processing. FMS plans to implement phase one of ASAP.gov in early November 2003, with two pilot Federal agencies, including the USDA-Food and Consumer Service and their users. This will provide a final testing opportunity before they go live with all users in early December 2003.

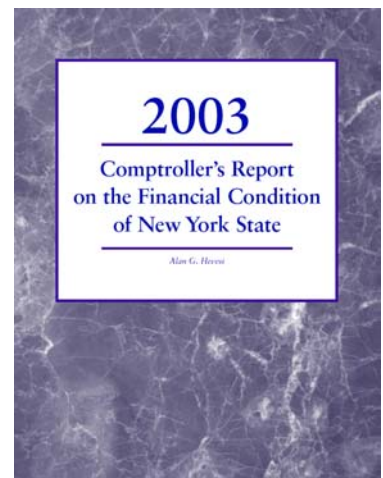
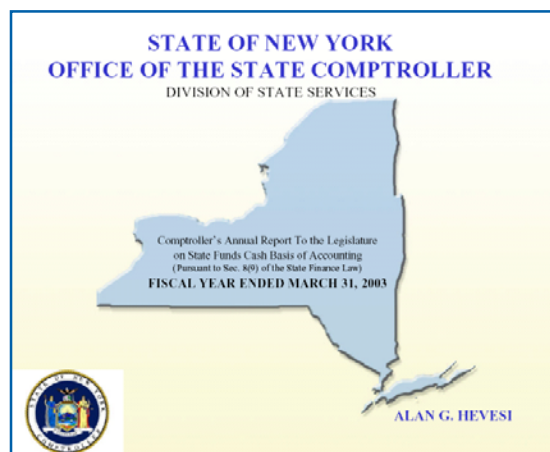
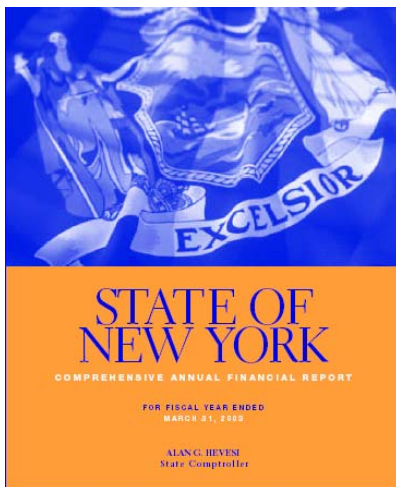
In anticipation of ASAP.gov, Federal program account managers have been contacting State agency grant managers to encourage them to enroll in ASAP if they are not currently enrolled. While OSC staff will continue to draw Federal funds for State agencies utilizing the new Internet system, grant managers may wish to enroll in order to access reports and perform account inquiries related to their grants. Enrollment forms may be

obtained from the Payment Requestors Section, [Handbooks & Forms](#) link on the website. Your Regional Financial Center representative can instruct you on the appropriate forms needed for enrollment.

Enrollment application forms **must** be approved by OSC prior to submission to FMS. If you would like to enroll, please forward the completed application to Tammi Coburn-Sosse, Office of the State Comptroller, 9<sup>th</sup> Floor, Bureau of Accounting Operations, 110 State Street, Albany, NY 12236.

We encourage you to visit the ASAP.gov website at [www.fms.treas.gov/asap](http://www.fms.treas.gov/asap) for more information and to enroll for email updates. This website will provide the latest information on ASAP.gov as it becomes available.

## 2003 Fiscal Year-End Highlights



The 2003 Comprehensive Annual Financial Report, Cash Basis Annual Report on State Funds, and the State Comptroller's 2003 Report on the Financial Condition of New York State are now available. For the 14th consecutive year, the Comptroller's Office was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association. The award was presented for the 2002 Comprehensive Annual Financial Report. You can view the reports in the State Finances section of the State Comptroller's website at [www.osc.state.ny.us](http://www.osc.state.ny.us).

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# Travel News



**S**top! Before you go to the Internet to book your business travel, you should be aware of the *new* contract award for Air Travel Services, Group 79006. **THE CONTRACT IS MANDATORY FOR EXECUTIVE DEPARTMENT AGENCIES.** (Attachment 2 of the contract lists the agencies required to abide by the policy). To review the entire contract, go to:

[www.ogs.state.ny.us/purchase/snt/awardnotes/7900618144can.htm](http://www.ogs.state.ny.us/purchase/snt/awardnotes/7900618144can.htm).

State agencies must use the New York State Travel Card or Business Travel Account to purchase tickets through a State authorized travel agent. Employees may not use their personal credit card or other means for reimbursement.

Exceptions to mandatory use are:

- An emergency
- Non-contract fare saves \$200 or more per round-trip ticket

- Contract flights would require the traveler to incur unnecessary overnight lodging costs.

When an exception occurs, the Air Travel Services Contract Exception Authorization form must be completed and approved by your agency finance officer, with a copy to the OGS Statewide Travel Coordinator, Todd Wadzinski (todd.wadzinski@ogs.state.ny.us, 518-402-5005). You can access the form at [www.ogs.state.ny.us/travel](http://www.ogs.state.ny.us/travel).

It is the responsibility of every traveler to know the State travel rules and regulations. You can get more information by visiting the Comptroller's website at [www.osc.state.ny.us/agencies/travel/travel.htm](http://www.osc.state.ny.us/agencies/travel/travel.htm) or you may contact Barbara Akers at (518) 408-4296, Bureau of State Expenditures.

### *Did you know?*

In 1956, the maximum rate for meals **and** lodging in New York City was not to exceed \$13 per day (Travel Rules and Regulations, May 1, 1956).

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## Audit Issue - Payroll Procedures at Small Agencies and Authorities

*Continued from page 2*

we have found in payroll operations at the entities we have visited.

Basic internal controls over the payroll function should ensure that employees are paid for the time they work and that employee leave accrual records are accurate. Our Reviews have identified weaknesses including timekeeping problems, employee leave accrual record inaccuracies, and incorrect accrual and use of compensatory time off.

Several entities allowed employees to maintain their own time records and then processed these records without supervisory review and approval. As a result, we found that inaccurate time records were processed and that some employees may have been paid for time they did not work. Proper procedures require employees to sign their time records and supervisors to review and approve the records before the payroll unit processes them.

We also found that several of the entities do not maintain separate leave accrual records for the employees. Instead, employees maintain their own records without any independent reviews of the balances. We identified numerous leave accrual errors, including employees failing to record time off

and incorrectly recording beginning balances on time sheets. To correct this problem, someone other than the employee or his/her supervisor should periodically verify employee leave accrual records to employee time records.

Finally, we identified issues involving agencies using compensatory time off in lieu of paying overtime to employees. Compensatory time off is a form of overtime and, as a result, only employees who are overtime eligible can earn compensatory time. We found that some entities allowed employees who are ineligible to earn overtime to, in fact, earn the overtime and use compensatory time off. In addition, we found some employees accrued more compensatory time off than is allowed by the law. In these instances, the payroll and personnel employees appeared to be unaware of the laws and the rules governing compensatory time off. To correct these problems, agencies should ensure payroll and personnel staffs are aware of the laws governing compensatory time and develop compensatory time policies that agree with these laws.

In the next issue, we will continue our discussion and focus on the common problems we have identified in the cash receipts and disbursements functions.

# With Upgrade Complete, OSC Turns Focus to Continued Payroll System Improvements

With the launch of the upgraded payroll system on time and within budget, notable improvements in agency connectivity and system performance, and with the timely delivery of paychecks – even despite a major blackout – the Upgrade Project is meeting its goals. OSC is now turning its attention to additional system enhancements.

“Much of the Project’s successful implementation is due to the active partnership between OSC and agency payroll, human resources, technical, finance and other staff,” said Robin Rabii, Director of State Payroll Services. “Members of our Project Advisory Committee, Change Management Advisory Committee, and the State Payroll Users Group provided guidance and feedback throughout the project. End user training relied on a team of 70 volunteer agency trainers who conducted classroom training for nearly one thousand users just prior to start up,

with great effectiveness.”

System users are voicing appreciation for the upgraded system’s functionality, particularly edits for agency input and the “auto-approve” features. The payroll system now operates on a supported version of PeopleSoft software (version 8.3) and is hosted on OSC’s new eGovernment infrastructure accessible from agency browsers. Still, like most major technology projects, the Payroll System upgrade was not without its start-up challenges. Acknowledging these in a letter to agency administrative officers, Executive Deputy Comptroller Diana Ritter affirmed OSC’s ongoing commitment to provide State agencies with “a system that is stable, reliable and capable of processing transactions quickly enough to meet deadlines.”

“While we continue our efforts to monitor and improve system performance, we will also be

communicating with users and stakeholders about the prioritization of additional functional improvements and post go-live commitments,” said Dan Berry, Assistant Comptroller for Payroll and Revenue Services. Berry, who served as the Payroll System Upgrade Project Director, was appointed to this position on August 18 when Deputy Comptroller Margaret “Peggy” Sherman moved to her new role as OSC’s Deputy for Budget and Policy Studies.

Replacing the “data capture” process used by some agencies with a standard automated interface between agency human resource systems and PayServ, and piloting employee self-service functionality are among the outstanding commitments. OSC has also accumulated a list of proposed system improvements and previously deferred system changes, such as automating the calculation of pre-shift briefing pay. OSC will invite stakeholder input into the

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## Updated Travel Rates

The maximum travel per diem rates are changing effective October 1, 2003. All locations in New York State are increased by \$1 for meals and incidental expenses over the prior year rates. For locations outside of New York, if the per diem rates decreased, the effective date will be November 1, 2003. You can get more information at the State Comptroller’s web site: [www.osc.state.ny.us](http://www.osc.state.ny.us)

## New Credit Cards Coming

OGS, GOER and the State Comptroller’s Office are beginning the process of transitioning from the current credit card program for travel and procurement transactions to a new program administered by CitiBank. A team is working on implementation issues and you will be receiving more information shortly. We’ve listened to your past concerns about credit card challenges and we think you will be impressed with the new program.

## With Upgrade Complete, OSC Turns Focus to Continued Payroll System Improvements

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process of prioritizing these enhancements to establish the post upgrade system development agenda.

Meanwhile, OSC is now working to help agency users to benefit from the upgraded query and report viewing tools and to prepare for the elimination of the old versions. The version 7 PeopleSoft Query tool will be available until mid-October to assist users in upgrading their remaining private queries. The Reveal report-viewing software, which has been replaced with Control-D, will be

eliminated in late October. OSC began providing workshops on the web-based query tool for new and experienced users in August and will offer Control-D training later this fall. The **Guide for Upgrading PS Queries**, an **Intro to Query on the Web** manual, and a manual for using the new Control-D report viewing tool are accessible from the PayServ applications on the OSC eGovernment Web site.

To assist users in the transition to the new system, OSC implemented a broad

system of user support, including a technical help desk, payroll expert contacts, online help, Payroll bulletins, user guides, and training manuals. "We continue to strongly encourage users to call the OSC Help Desk to report system problems encountered and to use the other supports," said Robin Rabii. "It is important for our technical and functional staff to have a complete understanding of the user experience in order to best address agency needs."

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## Guiding Principles Make the Difference For the Central Accounting System

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it will possess the capability and motivation to manage their finances effectively. Mechanisms will be designed into the CAS and support systems to continually increase organizational capability and reinforce their motivation.

### Rewind to April 2002

OSC hosted an agency information session to announce completion of the CAS business case in April 2002. Five

options for system replacement were offered for consideration. OSC decided that before an alternative could be selected, we needed to fully identify our business needs based upon the foundation of our guiding principles.

Using the guiding principles and strategic direction, experts in each of OSC's operating bureaus examined the desired outputs of their units' efforts and reengineered their processes. These

processes are now being transformed into software requirements, the driving force behind selection of the most appropriate software package.

This is the first in a series of articles examining the guiding principles that OSC used to guide the development of the new CAS. If you have any questions or comments, please e-mail the FOCAS Team at [FOCAS@osc.state.ny.us](mailto:FOCAS@osc.state.ny.us).

## 2003 Fiscal Year-End Highlights

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Highlights of the Comprehensive Annual Financial Report include:

- The State Reported net assets of \$44.9 billion.
- The State recorded a General Fund GAAP operating deficit of \$4.221 billion compared to a \$3.418 billion operating deficit in 2002.
- The General Fund is reporting a GAAP accumulated deficit of \$3.320 billion compared to a \$493 million surplus in 2002.
- The State's governmental activities had total revenues of \$85 billion which were exceeded by total expenses of \$88.6 billion, net of transfers of business-type activities of \$1.8 billion.
- Total debt outstanding was \$39.2 billion at March 31, 2003, an increase of \$2.7 billion over the prior year.

## Financial & Audit Solutions

*Solutions* is published as a customer service by the Office of the State Comptroller, Division of State Services, 110 State Street, Albany, NY 12236.

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## Ten Years of Comparison

	2003	1993
General Fund GAAP Operating Results (deficit)	(\$4.221) billion	\$2.064 billion
General Fund Accumulated Fund (deficit) Balance	(\$3.320) billion	(\$2.551) billion
General Fund Cash Basis Operating Results (deficit)	(\$1.266) billion	\$709 million
Debt Outstanding	\$39.2 billion	\$23.4 billion
Voter Approved Debt	\$4.0 billion	\$5.4 billion
Non-Voter Approved Debt	\$35.2 billion	\$18.0 billion
Debt Service Expenditures	\$3.7 billion	\$2.5 billion
Debt Per Person	\$2,046	\$1,290
Credit Rating	A2 (Moody's) AA (S & P's)	A (Moody's) A (S & P's)
Consumer Price Index	183.7	144.5
Governmental Funds - Revenues	\$84.7 billion	\$57.8 billion
Governmental Funds - Expenditures	\$91.1 billion	\$55.2 billion
Personal Income Per Person	\$36,043	\$25,263
Employment	8.7 million	7.8 million
Unemployment Rate - Statewide	5.8%	7.8%
Unemployment Rate - NYC	7.8%	10.4%
State Population	19,158,000	18,140,894
Deficient Bridges	2,141	2,541
Roads - Good/Excellent	68%	53%



## Direct Deposit

*Encourage your employees  
to take advantage of this  
convenient, safe and  
timesaving option.*

## Dan Berry Appointed

*Continued from page 1*

Mr. Berry previously served with the State Office of Temporary and Disability Assistance, where he directed the Electronic Benefits Transfer Project and served as Bureau Director for Administrative Support Systems in the Information Technology Division. His 24-year career in State service has included information technology management, procurement, contract management and customer consulting positions.

## Yellow Book Update

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The new standards are applicable for financial audits and attestation engagement of periods ending on or after January 1, 2004.

Early application is permissible and encouraged. The standards are available at [www.gao.gov/govaud/ybk01.htm](http://www.gao.gov/govaud/ybk01.htm). Also posted on the Web site is a list of major changes from the 1994 edition. Printed copies can be obtained from the United States Government Printing Office.