



Mr. Kenrick Sifontes
Audit Director
Office of the State Comptroller
59 Maiden Lane
New York, NY 10038

Re: Audit Report 2020-S-67 – Procurement Practices

Dear Mr. Sifontes,

On March 16, 2022, the Office of the State Comptroller (the “OSC”) submitted its final audit report (the “Final Report”) based on its review of the purchasing and procurement practices of the New York Racing Association, Inc. (“NYRA”). In the Final Report, the OSC requested that within 180 days of its release, NYRA’s Chief Executive Officer advise the State Comptroller of steps taken to implement the recommendations contained in the Final Report. This letter serves as NYRA’s compliance with such request.

Recommendation 1: NYRA updated the Purchasing Policy. The Purchasing Policy is pending approval.

Recommendation 2:

- The revised Purchasing Policy references procedures that detail the documentation to be submitted with the Business Exception Memos (BEMs).
- NYRA eliminated the use of the approved vendors list for purchases under \$1,000.
- As recommended, NYRA is reviewing the purchasing procedures to strengthen the segregation of duties, methods to encourage competition, and requirements to ensure optimal pricing.
- NYRA developed criteria to determine when a comprehensive agreement is necessary using dollar threshold and risk factors (*i.e.*, nature of work, service duration, etc.).

Recommendation 3: As recommended, NYRA will review the purchasing process to identify opportunities for competitive bids.

Recommendation 4: See the second bullet in Recommendation 2

Recommendation 5: NYRA plans to engage an external consultant to conduct the risk assessment of procurement operations. NYRA took necessary steps to initiate the competitive bidding process, such as drafting the scope of services. NYRA will publish the bid opportunity to identify a qualified consultant.

Recommendation 6: The revised Purchasing Policy requires a periodic audit of NYRA's procurement activities every three years. NYRA will schedule micro audits of NYRA's purchase and procurement process in 2023.

Recommendation 7: NYRA is developing a formal credit card policy and will disseminate it to appropriate departments. NYRA eliminated the use of petty cash.

Recommendation 8: NYRA is developing the relevant procedures to strengthen internal controls. The procedures include periodic physical inventory, asset tagging, etc.

Please feel free to contact us should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "D. O'Rourke", written in a cursive style.

David O'Rourke
President and Chief Executive Officer