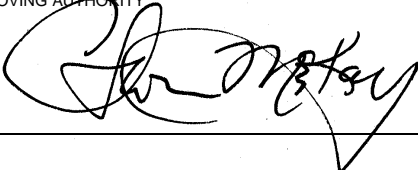
 <p><b>Corrections and Community Supervision</b></p> <p><b>DIRECTIVE</b></p>	<p>TITLE</p> <p><b>External Audit Protocol and Response Procedures</b></p>		<p>NO. 2799</p> <p>DATE 6/24/2021</p>
<p>SUPERSEDES</p> <p>DIR# 2799 Dtd. 08/12/20</p>	<p>DISTRIBUTION</p> <p>A</p>	<p>PAGES</p> <p>PAGE 1 OF 11</p>	<p>DATE LAST REVISED</p>
<p>REFERENCES (Include but are not limited to)</p> <p>NYS Executive Law; DOB Budget Bulletin L-100; ACA Expected Practice 2-CO-1B-07; Dir. #0008, #6923; Generally Accepted Government Auditing Standards (GAGAS);</p>		<p>APPROVING AUTHORITY</p> 	

**I. PURPOSE:** This directive outlines the Department of Corrections and Community Supervision's (DOCCS) external audit protocol and the specific protocols associated with the Office of the State Comptroller (OSC) audits. This directive also assigns the role of external audit liaison to the Bureau of Internal Controls (BIC), which is under the Executive oversight of the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity and the Assistant Commissioner for Correctional Industries and Compliance Standards. Therefore, any work location within DOCCS that receives notification that it is subject to an external audit or review shall:

- Notify BIC of any related activities. (e.g., initial contacts, requests for data, etc.)
- Regularly provide status updates to BIC, including related activities and/or actions taken.

For the purposes of this directive, "external audits" shall include any audit activity conducted by an entity independent of DOCCS.

**II. POLICY:** Department personnel shall adhere to the procedures set forth below and shall implement recommendations to which the Department has agreed.

External audit responses shall be prepared on appropriate agency letterhead in a standard business format consistent with Directive #0008, "Use of Department Stationery & Business Cards," (see Attachment A) and should, at a minimum:

- Provide any necessary factual clarifications relative to the audit findings.
- Be reviewed and approved by the Office of the Counsel.
- List each of the audit findings, if any, and immediately after each finding, provide the specific Departmental response and/or proposed action(s).

NOTE: If one action or set of actions would address two or more findings simultaneously, multiple findings may be grouped and a single response to them may be provided.

- Be reviewed by the Executive Team member with administrative oversight of the area, in consultation with the Office of the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity, and ultimately reviewed and approved by the Executive Deputy Commissioner and the Commissioner.
- Be in compliance with any formal requirements as required by statute or by the auditing entity.

### III. EXTERNAL AUDIT ROLES AND EXPECTATIONS

#### A. BIC External Audit Liaison responsibilities include:

1. Monitoring and tracking of all external audit activities to help ensure appropriate agency reporting and required notifications take place.
2. Informing the Office of Information Technology Services (ITS) Internal Audit Unit as soon as possible if it becomes evident that the audit scope will involve testing of any systems, applications, data, or reports that ITS manages or maintains.  
This will allow ITS to provide consistent, compliant, and timely responses to fulfill their obligation in responding to auditors.
3. Scheduling audit meetings as deemed necessary, such as Opening and Closing Conferences, and monitoring the progress.
4. Notifying the DOCCS Internal Audit Unit (IAU) of external audit activity and providing them with copies of draft audit responses and periodic updates, in accordance with Directive #6923, "Internal Audit Unit."
5. Coordinating timely and responsive submission of DOCCS external audit responses.
6. Assisting, if necessary, audited areas with progress in implementing agreed upon external audit recommendations.

#### B. Audited Area (see definition in sub-section IV-A below)

1. Assign appropriate Subject Matter Experts (SME) to engage external auditors throughout the audit.
2. Ensure that BIC is notified as to any high-level communications with the external auditors (e.g., responses to data requests, scheduling meetings, etc.).
3. Ensure that any data provided in response to auditors via a data request or through any written audit response is accurate, reliable, and complete.  
This must include supervisory and appropriate Executive-level review.  
Consideration should also be given as to consultation with DOCCS SMEs as deemed necessary (e.g., Program Planning, Research and Evaluation, Budget and Finance, or IAU).
4. Ensure that any vulnerabilities that may be identified throughout the audit are vetted through supervisory/Executive staff for appropriate mitigation (if necessary) and are communicated to the DOCCS Risk Assessment and Mitigation Committee and BIC.
5. Coordinate all responses through BIC for external submission.

#### C. Internal Audit Unit (IAU)

1. Reviews external audit findings and reports (preliminary, draft, and final) for compliance with Generally Accepted Government Auditing Standards (GAGAS or "Yellow Book"), and when applicable, assists the audited area with completing the preparation of their draft response.
2. Depending on the results of the GAGAS compliance review, IAU may be asked by BIC to follow up with the external auditing entity.

3. Assists the audited area, when needed, with the review of responses to audit findings, and preliminary and final reports to help ensure clarity and responsiveness.

#### IV. OFFICE OF THE STATE COMPTROLLER (OSC) STATE GOVERNMENT

**ACCOUNTABILITY (SGA) AUDITS:** The remainder of this directive outlines DOCCS/OSC audit procedures consistent with OSC auditing standards as outlined on their website at: <https://osc.state.ny.us/audits/auditprocessdetails.htm>.

NOTE: It is critical that BIC is notified of any OSC audit contacts and activities as soon as possible. Any staff (Correctional Facility, Community Supervision, Board of Parole, Area Office, or Central Office) that is contacted by OSC, and have **not** previously been contacted by BIC relative to the audit, should first cooperate to the best of their ability with the auditor, and then politely advise of the Department's preference for OSC to first notify BIC of the proposed audit. This will enable BIC to appropriately coordinate audit activities and to ensure that appropriate Departmental Executive staff and other stakeholders are notified. Staff should also:

- Obtain the auditor's contact information (name, title, phone number, and email address).
- Obtain the subject matter/scope of the audit.
- Ensure that this information is forwarded via Outlook email to the BIC shared mailbox ([DOCCSBureauIntControl@doccs.ny.gov](mailto:DOCCSBureauIntControl@doccs.ny.gov)) as soon as possible.

##### A. Definitions

1. *Audited Area:* Division, Bureau, Office, Unit, or other work location that is typically under the authority of a DOCCS Executive, Correctional Facility Superintendent, Regional Director, Central Office Division Head, Bureau Chief, or other official.
2. *Opening Conference:* An initial meeting among the OSC Audit Team, DOCCS Internal Audit Unit, audited area, and other key DOCCS stakeholders. At this meeting, Department officials are informed about the audit process and are offered an opportunity for input. During the Opening Conference, the following areas are addressed:
  - Scope of the audit, to include the program areas under review and the period of time covered
  - Specific areas that agency officials may want examined
  - Procedures for obtaining information and transmitting preliminary audit findings
  - Establishment of appropriate communication channels
  - Identification of any known improprieties that have occurred
  - Explanation of the required management representation letter stating that all records and pertinent data were made available to the auditors and that all relevant matters have been disclosed
  - Discussion of office space and equipment needed to conduct the audit
  - Review of standard reporting procedures for preliminary, draft, and final reports, including the need for responses
  - Any other agency procedures that audit staff need to be informed about

3. *Fieldwork Phase:* This phase is when the auditors plan which activities will be performed by them during the audit and when they conduct the audit; it usually consumes the single largest amount of time. The examiner-in-charge supervises the day-to-day activities of the on-site audit team to ensure sufficient, appropriate evidence is gathered to meet the audit's objectives and produce a quality audit report. During this phase, staff within the area being audited cooperate with the auditors so that the audit objectives may be met, and they keep BIC informed of any significant concerns or risks identified during fieldwork.
4. *Preliminary Audit Finding(s) or Report:* This report (also known as an exception report) contains initial audit findings. Depending upon the scope and complexity of the audit, and at the auditor's discretion, a separate Preliminary Audit Report may be issued by OSC for specific findings. In this case, each report requires a reply.

These reports may be issued while auditors are still on-site or before the audit Closing Conference (see definition below). The Department has 14 days to respond to each Preliminary Audit Report. Therefore, the audited area must prepare a draft response within five working days of receipt and submit it to BIC. BIC ensures that the final response to OSC is reviewed and approved by the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity, the Executive Deputy Commissioner, and the Commissioner, prior to submission to OSC.

NOTE: Preliminary Audit Reports are essentially discussion documents and contain tentative findings that allow the audited entity to remedy any factual differences with OSC before moving on to the formal Draft Audit Report and Final Audit Report phases.

5. *Draft Audit Report:* This report combines the findings of all the Preliminary Audit Reports into one comprehensive Draft Audit Report. The Department's responses to the preliminary audits are considered by the auditors when preparing their Draft Audit Report. The Draft Audit Report is issued electronically to the Department's audit liaison, unless otherwise directed to submit to the Commissioner.

The Draft Audit Report contains the auditor's tentative findings and recommendations. The Department has 30 days to respond to OSC. In accordance with Budget Policy and Reporting Manual Item L-100, the response must first be sent to the Division of the Budget (DOB) for their review seven days prior to forwarding it to OSC. Therefore, the audited area must prepare a draft response, have it vetted by all necessary areas (including Executive staff, Office of Counsel, and IAU), and submit it to BIC no later than ten days prior to the deadline. The Department's written reply is considered by OSC during the preparation of the Final Audit Report and is reprinted in the Appendix of the Final Audit Report.

Draft Audit Reports are distributed only to agency officials, with copies provided to DOB. They are not released to the public.

6. *Closing Conference:* Upon the conclusion of the auditor's fieldwork, the audit team will meet with DOCCS officials to discuss the audit results. Since most of the tentative findings should have been discussed during the audit fieldwork phase, the Closing Conference should primarily be a broad summary of audit results and allow DOCCS the opportunity to provide any additional comments.

7. *Final Audit Report:* This is OSC's completed report. The Department has 90 days to respond and the response is appended to OSC's Final Audit Report. In accordance with Budget Policy and Reporting Manual Item L-100, the response to the Final Audit Report must first be sent to DOB for review seven days prior to forwarding it to OSC. Therefore, the audited area must prepare a draft response, have it vetted by all necessary areas (including Executive staff, Office of Counsel, and IAU), and submit it to BIC no later than ten days prior to the deadline.  
  
Final Audit Reports are public documents. They are first provided to the audited agency, then made available to the public (upon request) and posted to OSC's website.
8. *Final Audit Report Response:* This is a required response to OSC from the audited agency within 90 days of the release of the Final Audit Report. In this response, the auditee indicates how compliance with OSC's recommendations has been or will be achieved or states the reasons for non-compliance.  
  
In accordance with NYS Executive Law, the Final Audit Report Response is also sent to the Governor's Office, the Legislative Leadership, and Legislative Fiscal Committees.
9. *Follow-Up Audit Review:* Approximately one year after issuing a Final Audit Report, OSC may schedule a follow-up review to assess the extent to which recommendations made in the Final Audit Report have been implemented. These audits generally take less time to complete and a draft report is not usually issued.

B. Audit Process

1. Bureau of Internal Controls Audit Process Coordination
  - a. Receives notification (audit engagement letter) from OSC of a scheduled audit.
  - b. Notifies the Office of the Counsel, the IAU, and the Public Information Office of the audit engagement.
  - c. Notifies the audited area and other key stakeholders of an impending audit.
  - d. Coordinates, schedules, and participates in the Opening Conference with OSC auditors, DOCCS IAU, audited area, and other DOCCS stakeholders as identified above.
  - e. Informs the Office of Information Technology Services (ITS) IAU as soon as possible if it becomes evident that the audit scope will involve testing of any systems, applications, data, or reports that ITS manages or maintains.  
  
This helps prepare ITS to assist audited areas with timely responses.
  - f. Submits a copy of the Audit Engagement Letter to DOB's Building A Better Government SharePoint site within seven days of receipt.
  - g. Arranges (with the audited area) for adequate office space for the auditors to use during the review.  
  
The office space should be equipped with a telephone, a lockable file or storage cabinet, and sufficient desk or table space.

- h. Arranges with the Superintendent or designee, when correctional facility on-location field work is required, for the auditors to enter and leave the facility with their laptop computers and with photocopies of facility documents.  
NOTE: Auditors may not hook up their modems to phone lines while inside the facility or utilize laptop computers with active wireless or Global Positioning System capability. All other electronic devices, such as a document scanner, must be approved through the Office of the Deputy Commissioner for Correctional Facilities.
  - i. Confers with appropriate Central Office officials during the course of the audit to report any progress, new developments, or questions raised by the auditors.
  - j. Ensures that the Office of the Counsel has been consulted during the review and the approval stage for any proposed DOCCS audit response (preliminary finding, draft audit, or final audit) prior to submission to the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity, the Executive Deputy Commissioner, and the Commissioner for final review and approval.
  - k. Updates DOCCS Weekly Audit Activity Report as information changes.
  - l. Coordinates, schedules, and participates in the Closing Conference with OSC auditors, DOCCS IAU, audited area, and DOCCS key stakeholders as identified above.
2. Internal Audit Unit Role
- a. Reviews OSC's audit findings and reports (preliminary, draft, and final) for compliance with GAGAS, and when applicable, assists the audited area with completing the preparation of their draft response.
  - b. Follows up with the external audit entity, if necessary, depending upon the results of their GAGAS compliance review.
  - c. Assists the audited area by reviewing draft responses to audit findings, and draft and final reports, to help ensure clarity and responsiveness.
3. Preliminary Audit Reports
- a. Audited Area
    - (1) If receiving the Preliminary Audit Report from OSC, forwards a copy to BIC immediately.  
NOTE: Every effort is made by BIC to coordinate the distribution of OSC Preliminary Audit Reports as necessary.
    - (2) Discusses the audit findings with OSC auditors, if necessary.
    - (3) Prepares a written reply to each preliminary audit finding, using standard format (see Attachment A), which must be vetted through appropriate Central Office officials, the Office of Counsel, and IAU for final input and comment and approved by the Facility Superintendent, Regional Director, Central Office Division Head, Bureau Chief, or other DOCCS officials.

The response should be signed and forwarded to BIC within seven working days from receipt of the Preliminary Audit Report from the OSC auditors.

NOTE: Under NO circumstances are copies of these proposed replies to be given to OSC staff prior to review and approval by BIC or Central Office Executive staff.

b. Bureau of Internal Controls

- (1) Reviews the draft Preliminary Audit Report responses for appropriateness and consistency with Departmental policy and procedure.
- (2) Revises proposed responses, if necessary, and upon reaching consensus, submits to the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity for review and approval.

c. Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity

- (1) Reviews proposed responses to the Preliminary Audit Reports for appropriateness and consistency with Departmental policy and procedure, and then forwards them to the Executive Deputy Commissioner and the Commissioner for final review.
- (2) Upon Executive Deputy Commissioner and Commissioner approval, forwards them to BIC, who then submits them to OSC.

4. Draft Audit Reports

- a. Audited Area: Upon receipt of the OSC Draft Audit Report, prepares a written reply using standard format (see Attachment A), which must be vetted through appropriate Central Office officials, the Office of Counsel, and IAU for final input and comment and approved by the Facility Superintendent, Regional Director, Central Office Division Head, Bureau Chief, or other DOCCS officials. The response should be signed and forwarded to BIC ten days prior to the 30 day deadline.

NOTE: Every effort is made by BIC to coordinate the distribution of OSC Draft Audit Reports as necessary.

NOTE: Under NO circumstances is a copy of the proposed response to be made available to OSC staff prior to review and approval by BIC, Central Office Executive staff, and DOB.

b. Bureau of Internal Controls

- (1) Reviews the proposed response and revises, if necessary, after consultation with the audited area.
- (2) Submits the draft response to appropriate Central Office staff for their review and comment, if necessary.
- (3) Verifies that the Office of the Counsel and IAU have reviewed and approved the proposed response to the Draft Audit Report.

- (4) Prepares drafts of appropriate transmittal letters to be sent to OSC and DOB, and then submits the Draft Audit Report response to the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity for final review and approval.
  - c. Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity
    - (1) Reviews and approves the final response.
    - (2) Presents the final response to the Executive Deputy Commissioner and the Commissioner for review and approval.
    - (3) Upon approval by the Executive Deputy Commissioner and the Commissioner, forwards the response to BIC.
  - d. Bureau of Internal Controls
    - (1) Forwards the approved response to DOB via the Building a Better Government SharePoint page. If no comments are received from DOB after seven days, BIC will forward the response to OSC.
    - (2) If comments are received from DOB, BIC will forward the comments to all stakeholders, as outlined above, for review.
    - (3) BIC will revise the final response pursuant to any approved revisions (if deemed necessary) and forward them to OSC.
- 5. Final Audit Report Response
  - a. Bureau of Internal Controls
    - (1) Upon receipt of the Final Audit Report from OSC, distributes to the audited area and DOCCS Executives.
    - (2) Provides notification of the required 90-day response deadline.
  - b. Audited Area: Within 45 calendar days of receipt of the Final Audit Report, prepares the necessary reply using standard format (see Attachment A), which must be vetted through appropriate Central Office officials, the Office of Counsel, and IAU for final input and comment, and then forwards it to BIC.
  - c. BIC - Upon Receipt of the Final Audit Report Response
    - (1) Ensures that the Final Audit Report Response has been vetted through the Office of the Counsel and IAU.
    - (2) Presents the Final Audit Report Response to the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity for review and approval.
  - d. Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity
    - (1) Reviews and approves the Final Audit Report Response.
    - (2) Submits the Final Audit Report Response to the Executive Deputy Commissioner and Commissioner for review and approval.
    - (3) Upon the Executive Deputy Commissioner's and the Commissioner's approval, forwards the Final Audit Report Response to BIC.



- e. BIC – Upon receiving approved Final Audit Report Response
  - (a) Submits the Final Audit Report Response to DOB seven days prior to the OSC deadline of 90 days.
  - (b) If no comments are received from DOB after seven days, BIC will then forward the response to OSC.
  - (c) If comments are received from DOB, BIC will forward the comments to all stakeholders, as outlined above, for review.  
BIC will revise the final response pursuant to any approved revisions (if deemed necessary) and then submit the Final Audit Response to OSC auditors and DOCCS stakeholders.
- 6. Corrective Action Plans
  - a. Audited Area
    - (1) Prepares the Division of Budget Corrective Action Plan (CAP) template, as provided by BIC, to include any corrective action plans that were a result of the Final Audit Report.
    - (2) Ensures that Executive Staff for the audited area have approved the CAP template and then submits it to BIC within 12 days of the receipt of the Final Audit report.
  - b. BIC will submit the completed CAP template to the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity for approval.
  - c. Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity
    - (1) Reviews and approves the CAP.
    - (2) Submits the CAP to the Executive Deputy Commissioner and Commissioner for review and approval.
    - (3) Upon the Executive Deputy Commissioner's and the Commissioner's approval, forwards the CAP to BIC, who will submit it to DOB.
- 7. Final Steps
  - a. Upon receipt of the DOCCS Final Audit Report Response, OSC posts their Final Audit Report with the Final Audit Report Response appended to their Audit Page at: <https://osc.state.ny.us/audits/auditAgencyList.htm>.
  - b. BIC posts the OSC Final Audit Report, with the appended Final Audit Report Response, to the Internal Controls shared drive.
- 8. Post Audit Follow-Up
  - a. The IAU may perform audit follow-ups at Department facilities, Community Supervision offices, or Central Office units.  
When follow-up audits are performed, the compliance status shall be reported to the Commissioner and the Executive Deputy Commissioner, with a copy to the Deputy Commissioner for Correctional Industries, Compliance Standards & Diversity, BIC (Internal Control Officer), and/or other Central Office Executive Team members, as appropriate.

BIC may assist audited areas with developing appropriate control measures, such as policy development or revisions, or proactive self-assessment measures (e.g., internal control reviews/spot checks), as a means to demonstrate and maintain compliance with audit findings/recommendations as accepted by the Department.

b. Audited Area

- (1) Implements and ensures continued compliance with all OSC audit recommendations as accepted by the Department.
- (2) Must notify BIC, appropriate Central Office Executive staff, and the Office of the Counsel for review and determination if circumstances arise that may compromise continued compliance with OSC audit recommendations.

**EXAMPLE:** Format - For Responding to External Audit Findings/Recommendations**Department Letterhead (See Directive #0008, "Use of Department Stationery & Business Cards")**

Date\_\_\_\_\_

Official Address of Auditing Agency/Entity

Re: Audit Report 2000-s-00

XYZ Correctional Facility, Community Supervision Office, Central Office Unit

Dear\_\_\_\_\_:

We wish to thank the audit team for their efforts and for the information that is provided in the audit report. We have reviewed the report and recommendations regarding the selected operating practices/procedures, etc., and offer the following comments/clarifications for your consideration:

1. Recognition of any positive findings.
2. State any factual based concerns regarding the audit methodology or specific findings.

Internal Control Weakness, Condition, or Finding

**Recommendation 1:** Restate recommendation

**Response:** *Agree, agree in part, or disagree with the recommendation or finding. If you agree, state what has been done or what will be done to implement the recommendation. If implementation will take place at a later date, give implementation date. If you disagree or agree in part, offer an explanation in support of this position.*

(NOTE: Proceed as above for the remainder of the audit recommendations.)

Sincerely,

Appropriate Central Office or Local Executive Team  
Member