



New York State Comptroller
THOMAS P. DiNAPOLI

Responding to an OSC Audit Report

Audit Responses and
Corrective Action Plans

Audit Responses and Corrective Audit Plans

The Office of the State Comptroller's (OSC) audits often identify opportunities for improving operations and governance. They can also identify strategies to reduce costs and strengthen controls intended to safeguard assets. These varying scopes and objectives will present different types of findings and recommendations. Our goal is that every audit has a positive effect and that audit findings and recommendations present local officials with the opportunity to take positive action and document their efforts to improve operations.

When local officials promptly focus on the findings and recommendations contained in audit reports and write thoughtful responses to these reports explaining the planned corrective action, audits are the effective management tools they should be.

As officials responding to an audit, you will be asked to prepare two documents at the end of the audit process – a written audit response to our draft audit report and a corrective action plan (CAP) in response to the final audit report. These are two different documents with different purposes. Your audit response allows you to share your thoughts on the draft findings and recommendations and gives you the opportunity to provide information we can use to correct any inaccuracies in our report before it is finalized and released. Your CAP, on the other hand, tells us how you plan to correct the findings and implement the recommendations in the final audit report.

Many local officials ask if these responses can both be covered in one document. Under certain circumstances, as outlined in this brochure, your written audit response might also qualify as your CAP. Please read this information carefully.

This brochure contains additional information and guidelines about the written audit response and CAP, and the differences between these two documents. To download a copy of this publication go to www.osc.ny.gov/files/local-government/audits/pdf/respondaudit.pdf.

Written Response to the Draft Audit Report

Your written response to our audit report summarizes the position of your local government or school concerning our draft findings and recommendations. Our draft audit report tells you what we found based on our audit testing and what we recommend you should do to improve your operations or strengthen internal controls. Your response communicates what you think about those findings and recommendations.

The response should include your reaction to the draft audit report, including whether you agree with the findings. We include your audit response in an appendix to the audit report, so that readers will be informed of your perspective on our findings and recommendations.

For select statewide audits, you may also receive a draft global report in addition to the individual audit report. Your response to the draft global report should address the specific global issues discussed in that report. Please note that we do not always ask for or seek a response to the draft global report depending on the results of the audit. Our audit team will communicate with officials to determine what they should submit in relation to the draft global report. Local officials should respond to the individual audit report as necessary.

The written response to the draft audit report is not intended to be a formalized CAP. Additionally, we are not asking for details on specific corrective actions taken or planned in response to the findings and recommendations contained in the draft audit report. We recognize that a formalized, well-thought-out CAP can take time for officials to develop. Nonetheless, officials may choose to provide those specifics if they are known at the time the audit response letter is prepared; but it is not our expectation that you do so in the audit response letter.

What Is The Process?

Near the end of the audit, OSC will provide local officials with a copy of the draft audit report. OSC staff will also, as a general rule, schedule an exit discussion with appropriate officials to go over the tentative findings and recommendations in the draft audit report. Officials have **30 days** from the date the draft audit report is provided to them to respond, although we encourage a shorter response time whenever possible. Submitting your response to our draft audit report in writing within 30 days helps to ensure the timely processing of the report.

We will accept **only one** audit response from your local government or school. The response should:

- Be signed by the chairman of the governing board. Alternatively, the response may be signed by the chief executive officer (or designee acting on their behalf) on behalf of the governing body.
- Be on official local government or school stationery.
- Tell us your position concerning the audit findings and recommendations – do you agree or disagree with what we reported?

The only exception to the one response rule is if our audit report has findings and recommendations related to the office or department of separately elected officials (e.g., a town clerk or highway superintendent). In this instance, the separately elected officials may also respond on their behalf. Please discuss this with the audit team if you have questions or concerns.

Where Does The Audit Response Letter Get Sent?

Generally, audit responses should be addressed to the attention of the Chief of Municipal Audits of the OSC regional or statewide office that conducted the audit. The audit response can be mailed or sent as an email attachment. The addresses and emails of the OSC offices can be found at the end of this brochure. You can also find the address or email of the OSC office that conducted your audit at the end of the draft audit report, or members of the audit team can provide you with the particular OSC address or email for submitting your written audit response.

What Happens After We Receive Your Response?

Once the audit team receives your response letter, they will evaluate the response to determine whether it causes us to remove or modify a finding or recommendation in the report.

The audit report will be updated to include a statement indicating whether officials agreed with our findings and recommendations. The response letter will be included as an appendix to the final, published audit report. However, voluminous attachments to responses will not be included in the final audit report. Therefore, we suggest that you limit the number of attachments to your response. If you have significant documents that you think would change the report findings, you should contact the audit team to discuss the issues before sending the response letter. We also recommend that you avoid including information in the audit response that is considered confidential or sensitive in nature.

If the audit team disagrees with comments in your response letter or finds them to be factually inaccurate, the audit team may consider adding note(s) in the appendix of the audit report explaining the reasons for the disagreement. Additionally, if the response letter contains inappropriate remarks, personal references or confidential/sensitive information, the audit team may redact those portions of the letter in the final version of the audit report.

What Happens If We Don't Receive Your Response?

If OSC does not receive a response letter, we will release the final audit report with a statement in the audit report indicating that officials chose not to submit a written response or did not submit a written response within the required timeframe.

Corrective Action Plans

A CAP should be filed with OSC if your audit report contained recommendations. School districts, BOCES and fire districts that receive audit reports with recommendations are **statutorily required** to prepare and file a written CAP with OSC. School districts and BOCES must also file their CAPs with the New York State Commissioner of Education.

CAPs provide an opportunity for the governing board to communicate how audit findings and recommendations will be used positively to improve operations and internal controls. Although implementation plans may be designed by key officers and managers within the local government or school, the governing board, with the audit committee (if applicable), must review and approve the entire CAP. We believe the governing board's oversight of the CAP process is important because it sends a positive message to the public and employees about the "tone at the top" regarding the board's commitment to safeguarding assets and making operations more effective.

What Should Be Included In The CAP?

When preparing your CAP, each corrective action should be described in sufficient detail to clearly demonstrate:

- What corrections have occurred or are planned in response to each recommendation;
- Who is responsible for the implementation; and
- The implementation date of the corrective action.

To be considered effective, the corrective actions must be suitably designed to remedy the conditions described in our audit report. If corrective action is not planned for certain recommendations, an explanation should be provided. If the CAP indicates that a recommendation will not be implemented, but equally effective action will be taken to address the situation, the alternative action should be described in sufficient

detail to allow us to assess its reasonableness. In instances where you disagree with a recommendation, your CAP should provide a discussion of the nature of the disagreement and a reasonable explanation for not taking corrective action.

To assist you with preparing your CAP a CAP template has been included on page 8 of this brochure.

When Should The CAP Be Prepared?

The optimal time for preparing your CAP is after the final audit report has been issued. Under various provisions of law, the governing board should submit its CAP to OSC no later than 90 days after the final report is released.

If we do not receive your CAP within 90 days of the release of the final audit report, we will send you a letter reminding you that you have not submitted your CAP.

When Should The CAP Be Submitted?

The CAP should be sent within 90 days:

Electronically, as an attachment, to:

caps@osc.ny.gov

Or in paper format to:

Office of the State Comptroller

**Division of Local Government & School Accountability
RDU – CAP Submission**

110 State Street, 12th Floor

Albany, NY 12236

OSC will send you a letter acknowledging receipt of your CAP.

Additionally, school districts and BOCES must submit their CAPs to the New York State Education Department within 90 days using their Portal, located at <http://portal.nysed.gov/abp/>.

Combining Your Audit Response Letter and Your CAP

School districts or BOCES may not combine the audit response and CAP, as their CAPs must be prepared in response to the **final** audit report. However, all other local government and charter schools may consider combining an audit response and a CAP.

The governing board may consider combining its audit response letter and CAP into a single document if the combined document contains the information requested for each of these documents. Audit reports with numerous or detailed findings and recommendations, and other complex reports, may not be conducive to a combined response. However, if your governing board feels that a combined response is appropriate for the nature and scope of your audit report, we will accept a combined response letter and CAP as long as it is received no later than 30 days from the date the draft audit report is provided to you.

A combined response should:

- State your position concerning the audit findings – do you agree or disagree with what we reported?
- State that the audit response is also serving as the CAP.
- In detail, describe what corrections have been planned, who will implement the corrections, and the implementation dates.
- If applicable, explain why certain recommendations will not be implemented.
- Be on official local government or school stationery.
- Be approved by the governing board.

Corrective Action Plan Template

[on official local government or school stationery]

Unit Name:

Audit Report Title:

Audit Report Number:

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

Audit Recommendation:

Provide the recommendation as it appears in the audit report.

Implementation Plan of Action(s):

The implementation plan should be in sufficient detail to:

- a. Clearly demonstrate what actions have occurred or are planned OR
- b. Why actions are not being taken.

Implementation Date:

Provide the actual or planned implementation date of the corrective action.

Person Responsible for Implementation:

Indicate who is responsible for the actions.

Signed:

Name

[Title]

Date

Questions to Ask Before Submitting Your CAP

After you have completed your CAP (or combined response and CAP letter), take a step back and ask yourself if you can answer yes to each of these questions before you send it to us:

- Does the CAP have governing board approval?
- Did the audit committee review the CAP (if applicable)?
- Are all of the audit recommendations adequately addressed in the CAP?
- Are the corrective actions communicated clearly and in sufficient detail?
- Does the CAP identify who is responsible for the actions?
- Does the CAP indicate the intended implementation date of each corrective action?
- If corrective action is not taken or proposed, is an explanation provided? Is the explanation reasonable?

Contacts



New York State Comptroller
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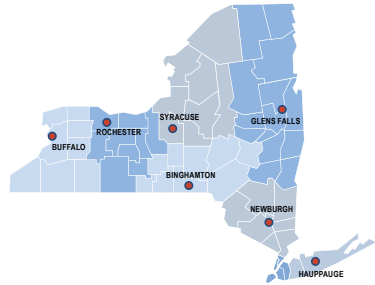
Division of Local Government and School Accountability

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**Audits, Local Government Services and
Professional Standards** • 518.474.5404

(Audits, Technical Assistance, Accounting and Audit Standards)

Local Government and School Accountability

Help Line • 866.321.8503 or 518.408.4934

(Electronic Filing, Financial Reporting, Justice Courts, Training)

Division of Legal Services

Municipal Law Section • 518.474.5586

**New York State & Local Retirement System
Retirement Information Services**

Inquiries on Employee Benefits and Programs
518.474.7736

Technical Assistance is available at any of our Regional Offices

BINGHAMTON REGIONAL OFFICE

Tel 607.721.8306 • Fax 607.721.8313 • Email Muni-Binghamton@osc.ny.gov

Counties: Broome, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga, Tompkins

BUFFALO REGIONAL OFFICE

Tel 716.847.3647 • Fax 716.847.3643 • Email Muni-Buffalo@osc.ny.gov

Counties: Allegany, Cattaraugus, Chautauque, Erie, Genesee, Niagara, Orleans, Wyoming

GLENS FALLS REGIONAL OFFICE

Tel 518.793.0057 • Fax 518.793.5797 • Email Muni-GlensFalls@osc.ny.gov

Counties: Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, Washington

HAUPPAUGE REGIONAL OFFICE

Tel 631.952.6534 • Fax 631.952.6530 • Email Muni-Hauppauge@osc.ny.gov

Counties: Nassau, Suffolk

NEWBURGH REGIONAL OFFICE

Tel 845.567.0858 • Fax 845.567.0080 • Email Muni-Newburgh@osc.ny.gov

Counties: Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, Westchester

ROCHESTER REGIONAL OFFICE

Tel 585.454.2460 • Fax 585.454.3545 • Email Muni-Rochester@osc.ny.gov

Counties: Cayuga, Livingston, Monroe, Ontario, Schoharie, Seneca, Steuben, Wayne, Yates

SYRACUSE REGIONAL OFFICE

Tel 315.428.4192 • Fax 315.426.2119 • Email Muni-Syracuse@osc.ny.gov

Counties: Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence

STATEWIDE AUDIT

Tel 607.721.8306 • Fax 607.721.8313 • Email Muni-Statewide@osc.ny.gov

osc.ny.gov



Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability

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