



STATE OF NEW YORK  
**UNIFIED COURT SYSTEM**  
 OFFICE OF COURT ADMINISTRATION  
 DIVISION OF FINANCIAL MANAGEMENT  
 AGENCY BLDG. 4 - 19TH FLOOR  
 4 ESP, SUITE 2001  
 EMPIRE STATE PLAZA  
 ALBANY, NEW YORK 12223-1450  
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**JONATHAN LIPPMAN**  
 Chief Administrative Judge

**ANN T. PFAU**  
 Deputy Chief Administrative Judge

**JOSEPH M. DECHANTS**  
 Assistant Deputy Chief  
 Administrator

TO: All Holders of the Financial Planning and Control Manual

**NEW ACCOUNTING PROCEDURES**

|   |                  |
|---|------------------|
| BULLETIN NUMBER: 278                                  | February 7, 2001 |
| SUBJECT: Timely Submission of Contracts for OSC Audit |                  |

As noted in the attached OSC Procurement and Disbursement Guidelines Bulletin number G-195, a significant portion of the contracts subject to pre-audit are being submitted to OSC after the contract start date. UCS district/administrative offices are responsible for properly planning procurement activities such that required approvals are obtained before goods or services are provided. In addition, district/administrative offices are responsible for advising vendors of the non-payment risk inherent in providing goods or services before the contract is approved by OSC. Further, OSC advises that under certain circumstances, a UCS employee who instructs a vendor to provide goods or services in the absence of an approved contract could be personally liable for any indebtedness that is ultimately determined to be owed to that contractor.

Please distribute this bulletin to all personnel within your respective jurisdictions who may be responsible for the processing of, or the monitoring of internal controls relating to, UCS contracts and other procurement activities.

NYS UNIFIED COURT SYSTEM  
 FOR ADMINISTRATIVE  
 PURPOSES ONLY  
  
 Joseph M. DeChants



STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

**PROCUREMENT AND  
DISBURSEMENT GUIDELINES**

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|------------------|-----------------------------------|
| <b>BULLETIN:</b> | <b>G-195</b>                      |
| <b>SUBJECT:</b>  | <b>Timely Contract Submittals</b> |
| <b>DATE:</b>     | <b>January 31, 2001</b>           |

**Background**

An analysis of the contracts approved by the Office of the State Comptroller (OSC) for the fiscal year ending March 31, 2000 discloses that a significant percentage were submitted to OSC for pre-audit and approval after the contract's start date. A contractor providing goods or services prior to the Comptroller's approval of a contract assumes a risk of non-payment or reduced payment if the approval of the contract is subsequently withheld. It is the agency's responsibility to advise contractors of this risk. More importantly, it is the agency's responsibility to properly plan its procurements, so that needed approvals can be obtained timely. This planning, necessarily, includes allowing sufficient time for OSC review and approval of contracts before the contractor starts providing goods or services.

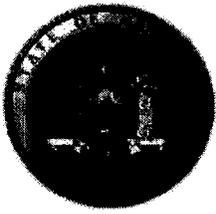
A State employee who directs a vendor to start providing goods or services without an approved contract may be personally liable for any indebtedness that is ultimately held to be owed to the contractor.

**Contracts with  
Not-for-Profit (NFP)  
Providers**

For some agencies, the majority of the late contract submissions involve grant contracts with NFP providers. These late submissions impose additional burdens upon both the NFP and the State. For the NFP, it is the financial strain placed upon their limited resources. For the State, it is the penalties imposed by Article XI-B of the State Finance Law that provides for prompt contracting and interest payments for NFP corporations. Significant interest penalties accrue when these contracts are submitted after the start date and result in late payments to the NFP. Agencies are strongly encouraged to review and comply with these provisions in order to avoid incurring interest penalties.

**Agency Action**

Agency heads are strongly encouraged to undertake an immediate review of the processes and controls over their agency's internal



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procurement and contract award procedures, and to implement the actions necessary to improve planning and contract<sup>1</sup> creation timeframes in accordance with this advisory.

**Continued  
Monitoring by OSC**

OSC will continue to monitor contract submission and starting dates. OSC will alert agencies, individually, where a pattern of late contract submission exists.

**Training**

OSC routinely offers training seminars in contracting laws and procedures. The subject matter of these seminars may be general in scope or may be tailored to an agency's specific needs. Agency heads determining that such training will be beneficial for their staff should contact Jerry Lipfeld, Outreach Coordinator, Bureau of Contracts, at (518) 402-2969, for more information.

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<sup>1</sup> For the purposes of this bulletin, contract includes Purchase Orders, P-contracts, and Purchase Authorizations.