

STATE OF NEW YORK

JUDICIARY

—REQUEST FOR BID—

(This is not an order)
**BID MUST BE MADE ON THIS SHEET
 OR AS OTHERWISE SPECIFIED**

NEW YORK STATE OFFICE OF COURT ADMINISTRATION CONTRACT & PROCUREMENT ADMINISTRATION 42 KARNER ROAD, ALBANY, NY 12205 (Agency Name and Address)
Direct Inquiries to: BETTY FALTERMEIER, COURT ANALYST Telephone No.: (518) 869-4732

Price to include delivery to (describe exact location and method of delivery)

PER ATTACHED RFP/SPECIFICATIONS

Bid Number: OCA/CPA-319	Commodity Group:
Opening Date: February 28, 2006 Time: 11:00 AM	Commodity Name: INTERNAL CONTROL AUDIT

OFFICE OF GENERAL SERVICES "GENERAL SPECIFICATIONS" (DECEMBER 1998) ARE FULLY INCORPORATED HEREIN.

Agency's Specification of item(s) Required (include quantities)	Bidder's Quotation and Specific Description of Item Offered
<p><u>UCS ATTACHMENT I AND ATTACHMENT II ARE ATTACHED & INCORPORATED HEREIN.</u></p> <p>The NYS Unified Court System is requesting proposals from qualified, independent certified public accounting firms to perform a review of the UCS's internal controls.</p> <p>Contract Term(s) one (1) year with an option to extend for one (1) ninety (90) day period. Initial term May 1, 2006 through April 30, 2007.</p>	<p>BIDDERS ARE TO SUBMIT ALL REQUIRED DOCUMENTATION AND PRICING IN THE FORMAT PRESCRIBED BY THE ATTACHED RFP/SPECIFICATIONS.</p>

NOTICE TO BIDDERS

Pursuant to the Rules and Regulations of the Chief Administrator for the Courts, sealed bids for furnishing the item(s) in this Request for Bid will be received at the above address. When submitting a bid, you must:

1. Complete this form in its entirety using ink or typewriter and return with all other documents.
2. Explain any deviations or qualifications if your bid deviates from the specifications. If necessary, attach a separate sheet setting forth such explanations.

3. Sign the bid. The bid must be completed in the name of the bidder (corporate or other) and must be fully and properly executed by an authorized person.

4. INDICATE THE BID NUMBER, THE BID OPENING DATE AND TIME ON THE ENVELOPE CONTAINING THE SEALED BID.

5. Mail the bid to the above agency address in sufficient time for it to be received before the specified bid opening. **LATE BIDS WILL BE REJECTED.**

BIDDER HEREBY CERTIFIES THAT THE ABOVE QUOTED (OR OTHERWISE NOTED) PRICES ARE APPLICABLE TO ALL CUSTOMERS FOR COMPARABLE QUANTITIES, QUALITY, STYLES OR SERVICES.

BIDS MUST BE SIGNED

Bidder's Firm Name:		Employer's Federal Identification Number	
Address Street	City	State	Zip
Bidder's Signature		Official Title	
Printed or Typed Copy of Signature		Area Code/ Telephone Number	

NOTE: In addition to such other specifications and criteria presented herein, the NYS Unified Court System Standard Request for Bid Clauses & Forms - Attachment I (Rev. 07/03) and Attachment II, Contractor Certification, ST-220, must be downloaded from the Contract and Procurement web site, <http://www.nycourts.gov/admin/bids>, under addenda for the appropriate solicitation and are incorporated and made a part hereof.

GENERAL INFORMATION.

PURPOSE & SCOPE:

The New York State Unified Court System (UCS) is requesting proposals from qualified, independent certified public accounting firms to perform a review of the UCS's internal controls ("Project"), as required by the NYS Governmental Accountability, Audit and Internal Control Act, (Chapter 510 of the Laws of 1999) ("Act"). A copy of the Act is attached to this solicitation as Exhibit A. Accordingly, the NYS Office of Court Administration - Contract & Procurement Administration Unit (OCA/C&PA) is soliciting **sealed proposals** on behalf of the OCA Office of Internal Affairs (OCA/IA).

DUE DATE:

Responses to this solicitation must be received at the NYS Office of Court Administration - Contract & Procurement Administration Unit, 42 Karner Road, Albany, NY 12205 to the attention of Betty Faltermeier on or before 11:00AM TUESDAY, FEBRUARY 28, 2006 to receive consideration. Firms wishing to submit *responses* do so entirely at their own risk and their own expense. Under no circumstances will the UCS reimburse any responding firm, whether selected for the Project or not, for any expenses incurred in preparing its response to this solicitation. The proposal may be hand-delivered or mailed to the aforementioned location.

DISCLOSURE:

All firms submitting responses for this Project must disclose any prior or pending lawsuit(s) between the firm and any federal, state or local branch of government, department, agency, board or commission. The nature of the lawsuit and its outcome, if litigation is complete, also should be described briefly.

INQUIRIES:

Questions or inquiries by bidders concerning this solicitation are to be addressed, in writing, only to Betty Faltermeier, Court Analyst, OCA/C&PA and be received in writing on or before 11:00AM FEBRUARY 14, 2006. Contact with any other UCS personnel regarding is RFP without the knowledge and concurrence of the Contract & Procurement Administration may be grounds for elimination from the selection process. Questions must be typed and on the firm's letterhead and may be communicated by fax transmission to (518) 869-4735 or online to

bfalterm@courts.state.ny.us. **Telephone inquiries will not be received!** All questions and answers shall be posted on the internet site: <http://www.nycourts.gov/admin/bids>. (See Online RFP Package Disclaimer.)

CONTRACT TERM:

A single contract will be awarded for the period commencing on/about **May 1, 2006 through April 30, 2007**. While it is expected that Project will be completed within the aforementioned period, OCA/AI reserves the right to once **EXTEND** the contract for a period not to exceed ninety (90) days upon expiration of the initial contract term upon the same terms, conditions and pricing. Such **EXTENSION** shall be by written notice to contractor and subject to the approvals of the NYS Offices of Attorney General and State Comptroller.

METHOD OF AWARD:

The proposals will be evaluated and weighted based upon the criteria set for the on page 14, EVALUATION OF PROPOSALS & SELECTION OF SUCCESSFUL FIRM, A. Evaluation of Proposals. The award shall be made to the responsible proposer who received the highest point value as indicated in the Evaluation of Proposals. Responsible shall be defined to include, but not be limited to, compliance with these specifications, references, bidder's performance history, financial stability, resources, cost factors and experience with comparable awards/contracts.

COMPLIANCE WITH LAWS:

Contractor(s) shall be compliant with all applicable Federal, State and Local laws, rules and regulations.

INSURANCE REQUIREMENTS:

Bidder's must submit proof of the following comprehensive and general liability insurance coverage (a certificate of coverage is acceptable):

- A. Minimum \$1,000,000.00 for bodily injury and property damage per occurrence and \$2,000,000.00 in the aggregate.
- B. \$1,000,000 per occurrence of professional liability insurance for all staff involved with delivery of any and all services.

Such insurance shall be maintained and kept current throughout the contract period, or any renewal or extension thereof and shall be at no cost to the UCS.

UNACCEPTABLE PROPOSALS:

The UCS may reject any proposals from bidders who previously defaulted on contract obligations, as surety or otherwise, upon any obligation to the State of New York; who have been declared not responsible, or disqualified by any agency of the State of New York; or have any

proceeding pending relating to the responsibility or qualification of the bidders to receive public contracts.

IMPLIED REQUIREMENTS:

Products and services that are not specifically requested in the RFP, but which are necessary to provide the functional capabilities proposed by the bidder, shall be included in the offer, except as specified herein.

SILENCE OF THE SPECIFICATIONS:

The apparent silence of the specifications contained as part of this package as to any detail or to the apparent omission of a detailed description concerning any point, shall be regarded as meaning that only the best commercial practices are to prevail. All interpretations of these specifications shall be made on the basis of this statement.

ONLINE RFP PACKAGE DISCLAIMER:

Proposers accessing any UCS/OCA solicitations and related documents from the NYS UCS website, <http://www.nycourts.gov/admin/bids> shall remain solely and wholly responsible for reviewing the respective solicitation and bid documents on the internet regularly, up to the scheduled date and time of the bid/proposal due date, to ensure their knowledge of any amendments, addenda, modifications or other information affecting the solicitation or bid documents in question.

TRAVEL EXPENSES:

Bidders ARE NOT to include any rates for travel in their response. All travel deemed necessary and appropriate by the Project Director to the performance of contractor's services shall be approved in advance by the Project Director and be reimbursed pursuant to current UCS non-judicial travel rates and rules (copy available upon request).

ORIGINAL & COPIES:

To be considered for this Project, one (1) "Original" (marked as such and bearing ink signature of authorized representative on all required documents) and ten (10) copies of same are required.

Failure to provide such original and required copies may result in rejection of bidder's response. NOTE: "Original" may be bound or contained in three ring binder. However, all copies are to be stapled or bound only with rubber bands - **NO BINDING, PORTFOLIOS OR BINDERS.**

SUBMISSION OF PAPERWORK:

Bidders are to place their proposals in sufficient-sized envelopes or cartons clearly marked in large block lettering as follows, "1 OF ___ PKGS./CTNS. SEALED PROPOSAL - DELIVER IMMEDIATELY.

**RFP #OCA/C&PA-319. DUE DATE: 11:00AM FEBRUARY 28, 2006" and delivered to:
Office of Court Administration**

**Contract & Procurement Administration
42 Karner Road
Albany, NY 12205
Attention: Betty Faltermeier
Court Analyst**

Packages must be sent in time to arrive on or before 11:00 AM, February 28, 2006 to receive consideration.

All times indicated are E.S.T. or E.D.S.T (Eastern standard Time or Daylight Savings Time)

NOTE: The UCS reserves the right to retain all responses submitted and to use any ideas therein, regardless of whether that response is selected. Submission of a proposal; indicates acceptance by the firm of the conditions contained in this RFP, unless bidder clearly and specifically notes otherwise in their response.

BIDDER QUALIFICATIONS:

In addition to such other qualifications as may be presented herein, firms must include the following information with their proposal:

- A. Listing of New York State locations where firm maintains an office or operational base and respective number of audit, clerical and administrative personnel.
- B. Name and title of primary staff person to be assigned to the Project.

Additionally, all other assigned staff is to be listed, noting administrative and operational level of each. Resumes of all key audit personnel assigned which thoroughly describes relevant training and experience.

SUBCONTRACTING:

The subcontracting of all or any portion(s) of the services presented herein is prohibited.

II. GENERAL DESCRIPTION OF THE UCS

The mission of the UCS is to promote the rule of law and to serve the public by providing just and timely resolution of all matters before the courts. As the judicial branch of state government, it is the function of the UCS to provide a forum for the peaceful, fair and prompt resolution of civil claims; family disputes; criminal charges and charges of juvenile delinquency; disputes between citizens and their government; challenges to government actions; the administration of estates of descendants; adoption petitions; divorce and related proceedings; the legal protection for children, mentally ill persons, and others entitled by law to the special protection of the courts. The UCS also regulates the admission of lawyers to the Bar and the conduct of all lawyers practicing in NYS. The UCS has more than 15,511 full-time nonjudicial employees, 1,282 judges of courts of record and 2,300 town and village judges.

A detailed description of the judicial and administrative structure of the UCS is attached hereto as Attachment B. See also III(F)(2)-(4) below.

III. NATURE OF SERVICES REQUIRED

A. General

The Act requires an audit of the internal controls of the UCS. The audit must be conducted in accordance with generally accepted government auditing standards ("GAGAS") and shall include a report on whether the internal accounting controls and the internal administrative controls of the UCS are established and functioning in a manner that provides reasonable assurance that they meet the specific objectives of internal control as defined in the Act. The firm selected for this Project will audit the internal accounting and administrative controls used by the UCS for **NYS Fiscal Year 2004 - 2005**. The specific aspects of the UCS that will be audited will be determined by the UCS in consultation with the selected firm. It is assumed that all internal administrative and accounting controls which are necessary for the UCS to effectively achieve its objectives shall be identified and reviewed by the firm.

B. Definitions

For the purposes of this audit, the successful firm will rely upon the definitions for internal control as set forth in the Act.

C. Audit Standards to be Followed

In performing the work contemplated by this RFP, firms must follow "GAGAS", as set forth by the General Accounting Office. No opinion on the adequacy of the overall internal control systems is required; rather, only a statement as described in Section IV below is required. A Statement on Auditing Standards #2 ("SAS #2") is not required.

D. Documentation

The firm's working papers should contain sufficient written documentation and flow charts to document its findings and final report. Upon request, these working papers must be made available to the UCS. All working papers and reports must be retained by the firm for a minimum of six (6) years after acceptance of the final report by the Chief Judge. If necessary, the firm shall be notified in writing by the UCS of the need to extend this six-year retention period and, in such event, the firm shall comply with the new period.

E. Internal Control Officer

The UCS has designated Dennis W. Donnelly, Internal Control Officer, as Project Director for the UCS on this Project. **Once the proposed contract is executed and the audit commences, all questions are to be directed solely to the Project Director.**

F. Internal Control Procedures within the UCS

1. Background

Many internal control procedures followed in the UCS are derived from statutory requirements and rules and regulations of the Chief Administrative Judge. The UCS also has established extensive internal management and administration policies through the following manuals:

- Financial Planning and Control Manual
- Contract & Procurement Procedures Manual
- Operations Manual (various courts)
- Collective Bargaining Agreements

In addition, the UCS has implemented a significant program of internal control review that included:

- Establishment of an internal audit unit;
- Completion by each UCS unit of a “Vulnerability Assessment” to survey the general and inherent control environment;
- Issuance of a detailed Internal Controls Manual to guide court activities.

The results of these efforts have been recorded and will be available to the successful firm. The provisions below provide a general description of the significant systems within UCS which the UCS has identified for consideration by the auditor.

2. General Control Environment

To manage and control operations, UCS has a general management system that encompasses both administrative and accounting controls. The system is designed to provide the Chief Administrative Judge, the Deputy Chief Administrative Judge for Management Support and the Deputy Chief Administrative Judges with a planning and control mechanism for overseeing UCS functions and activities without requiring their direct day-to-day involvement in those activities. As a result, this system places significant responsibility in the hands of the operating staff, i.e., District Administrative Judge’s Offices, OCA unit heads and middle-level managers.

The management structure is designed to encourage innovations in work design

and accomplishment. Specific techniques include, but are not limited to, the career ladder design and development system, staff development programs, and employee reward programs, all of which are designed to foster employee morale and commitment to the work of the UCS. Each unit or office of the UCS has divided its operations into a number of sections, functions or programs which may or may not strictly follow traditional organizational lines. Staff within each unit may be used interchangeably at the discretion of the unit head to provide operating flexibility and best use of resources under varying conditions.

3. Internal Administrative Controls

The UCS management structure is the foundation for the overall administrative control environment within the UCS. Basic documents supporting the administrative control system include the following:

- Policy and procedures manuals of various courts, agencies of the UCS.
- Employee Handbook. The Employee Handbook, which is designed to give employees general information concerning employment within the UCS, includes a description of major activities in the UCS and of the organization and structure of the UCS.

Because of the diversity of the operations of the UCS, the various units of the UCS have developed varying operating procedures to guide and control their specific operations. Some of these procedures address issues applicable to operations of a single unit and other address issues or procedures that apply to several units. All such policies and procedures will be made available to the successful firm to the extent they are considered necessary to accomplish the audit's objectives.

Significant functional areas within the UCS that should be included in the review of the internal administrative controls include:

- Personnel: Including Time and Attendance System
- Procurement: Including Contracts and Professional Services
- Disbursements: Both Payroll and Nonpersonal Services
- Assets and Liability Management
- Administrative Support
- Data Processing Support

4. Internal Accounting Controls

Although a discrete branch of state government, UCS uses the NYS Central Accounting System, operated by the Office of the State Comptroller, to account for expenditures and encumbrances against authorized appropriations and to record the collection and transmittal of revenues to the State Treasury.

Basic documents supporting the internal accounting controls of the UCS include:

- Financial Planning and Control Manual
- Bulletins updating the Payroll Process, Accounting System and,
- Contract & Procurement Procedures Manual

Significant functional areas within the UCS that should be included in the review of the internal accounting controls include:

a. Disbursement/Expenditures

- 1) Personnel and Payroll cycle, including hiring of employees, placing them on the payroll, maintaining time and accrual records, and effecting payroll adjustments for instances such as promotion, lost time and separation.
- 2) Vendor payment cycle, including the obligation (encumbrance) and payment of all nonpersonal service transactions. These transactions include travel expenses, utilities, rent, supplies, equipment and contractual services. The process of selecting vendors also should be reviewed.

b. Accounting System

As already stated, the UCS is included in the NYS Central Accounting System, which is maintained and operated by the Office of the State Comptroller. This System records all appropriations made by the Legislature, all encumbrances and expenditures initiated by State agencies and branches of the government, and all revenues collected and transmitted to the State Treasury.

c. Accounting Operations

The UCS Technical Services Unit maintains the appropriation, fund accounts, and expenditure and revenue data for the UCS.

Significant functional areas within the UCS that should be included in the review of the Internal Accounting Controls are:

- Controls over payroll transactions, vouchers for purchases and travel, contracts, purchase orders and petty cash.
- Controls over the maintenance of bank accounts that are in the custody of the UCS.
- Operations that affect the recording of adjustments to appropriate accounts (through journal vouchers) and the recording of entries in the general ledger and related subsidiary accounts.

IV. FINAL REPORT

In accordance with the Act and with this RFP, the final product of the audit will be a final report (“Report”) on the system of internal administrative and accounting controls in effect during Fiscal Year 2004 - 2005.

A. Required Statements in the Report

1. The scope paragraph of the Report should contain a statement indicating that the internal accounting and administrative controls were reviewed in accordance with GAGAS. It also should indicate that the scope of the Project was limited to internal controls, which were examined separately from the financial statements and indicate that an expanded scope audit of the economy, efficiency and program results was not performed.
2. The Report should identify all the significant internal administrative and accounting controls determined to be relevant for the UCS to effectively achieve its objectives. The Report should describe all the controls reviewed. Insignificant internal controls which were identified but not reviewed also should be described briefly.
3. The Report should contain a statement whether the internal accounting and administrative controls that have been determined to be relevant to the operations of the UCS are established and functioning in a manner that provides reasonable assurance that the objectives of the internal controls are accomplished. In addition, there shall be a statement that the study and evaluation performed included a consideration of the types of errors and irregularities that could occur, a determination of the internal control procedures that should prevent or detect such errors and irregularities, a determination of whether the necessary procedures are prescribed and being followed satisfactorily and an evaluation of any significant or material weaknesses.

B. Findings

1. The findings in the Report should include the following:
 - A determination of the types of errors and irregularities that could occur;
 - A determination of the control procedures that should prevent or detect such errors and irregularities;
 - A determination of whether the necessary procedures are prescribed and are being followed; and
 - An evaluation of any weaknesses.

2. In evaluating the internal accounting controls, materiality of weaknesses should be considered after consideration is given to the flow of transaction and to the amount of dollars handled. In describing the significant and material internal control weaknesses, if any, that have not been corrected, the Report should utilize the following format:
 - A statement of the condition (i.e., what is);
 - The criteria (i.e., what should be);
 - The effect;
 - The cause (if known); and
 - The recommendation for corrective action.

3. The firm also should state in the report that no material matters other than those disclosed in the Report, if any, have become known which would mandate the conclusion that the internal accounting and administrative controls that have been determined to be relevant to the operations of the UCS do not meet the objectives of internal controls or that there has not been compliance with these internal accounting and administrative controls. If no such material matters are disclosed in the Report, this statement should not be included.

4. Each finding in the Report should contain sufficient information to enable UCS officials to initiate timely corrective action. Findings of limited significance should be included in the Report under a caption identifying them as such. All findings should be grouped by applicable UCS unit. Non-significant or immaterial findings should be excluded from the Report and may, if deemed appropriate, be identified in a separate management letter.

C. Ownership and Use of the Report

Any and all reports, findings, and management letters provided to the UCS by the firm shall become the exclusive property of the UCS and shall be subject to its exclusive control and use. The firm will waive any and all rights to such reports, findings and management letters.

The Final Report should be addressed to the Chief Judge of the State of New York. Pursuant to the Act, the Chief Judge shall make the final audit Report available to the public, together with any related management letters.

V. SCHEDULE OF THE PROJECT

A. GENERAL

1. Formal responses are due on or before **11:00AM February 28, 2006.**

- Contract to commence on/about **May 1, 2006.**

The UCS will have all records ready for audit by the firm and management personnel will be available to meet with the firms' personnel at a time to be determined.

2. Interim Work Period

The successful firm should have sufficient personnel assigned to the Project to complete its preliminary work plan as set forth in its Proposal by **April 17, 2006.** During this interim work period, the firm will identify all significant internal administrative and accounting controls and shall make its preliminary recommendation to the UCS as to which internal controls are considered relevant and are to be reviewed, evaluated and tested to comply with the objectives of the Act. All interim work should be scheduled for completion by **May 15, 2006.**

3. Detailed Audit Plan and Programs

The successful firm should provide to the UCS its detailed audit plan and programs for reviewing major internal control areas by **May 30, 2006.**

4. Fieldwork

The successful firm should plan to complete the work on all internal control areas by **June 12, 2006.** It is anticipated that audit activity will take place in various locations in New York State.

5. Draft Report

The successful firm should plan to have a draft audit report consisting of a draft of the final Report and all management recommendations available for review by the UCS by **July 12, 2006.** The UCS Internal Control Officer and other UCS management personnel will review the draft report expeditiously. During this period, firm representatives should be available for such meetings as the UCS requests.

6. Final Report

Once the UCS indicates that all open issues in the draft report have been resolved, the final, signed Report should be delivered to the Chief Judge of the UCS within seven (7) working days. It is anticipated that this process should be completed and the final Report

delivered by **September 13, 2006**. The original final Report and twenty (20) signed copies of it should be delivered to the Chief Judge at her chambers in Court of Appeals Hall, Albany, New York.

VI. ADMINISTRATIVE MATTERS

A. Staff Assistance Available

The Chief Administrative Judge, the Internal Control Officer and other UCS management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. Various units or offices of the UCS will make professional staff available as needed to provide assistance to the firm.

B. Work Areas, Equipment and Secretarial Services

Reasonable requests by the firm for work areas, desks, chairs, file cabinets, reproduction and printing capabilities in the UCS will be honored by the UCS during the Project. Equipment such as word processors, typewriters and calculators **are to be provided by the firm**. Arrangements shall be made by the UCS for access to telephones while firm personnel are working at the UCS. To assist the UCS in planning space requirements, the successful firm should advise the UCS by **April 17, 2006** of the maximum number of staff it anticipates having on site during the Project.

Limited secretarial services will be provided for preparation of routine letters and memoranda. Report preparation, editing and printing is the responsibility of the firm. Requests by the firm pursuant to this section shall be made to the UCS Project Director.

C. Meetings During the Project

The firm and the UCS Project Director and such other UCS personnel as the UCS deems necessary shall meet periodically to review audit progress and preliminary findings. Additional meetings may be scheduled by the UCS as needed for effective execution of the Project. In addition, the Exit Conference between the firm and the Chief Administrative Judge and such other UCS personnel as the UCS deems necessary shall be held prior to the completion of the final Report.

VII. PROPOSAL CONTENT AND ORGANIZATION

A. Body of the Proposal

The response submitted by a firm wishing to be considered for this Project must contain, at a minimum, the following information:

- An affirmation that the firm is a Certified Public Accountant licensed to practice in New York State.
- A proposed audit plan describing the recommended technical approach to be used, including tasks and projected timetables.

- A plan showing how the firm intends to manage its activities during the Project.
- A description of how the firm's personnel will be organized to perform the assignments.
- An estimate of the total number of audit hours, broken down by level of staff and hours, that will be committed to the audit and to any other activities required by the audit.
- A thorough description of the firm, including staff capacity to undertake and successfully complete this Project.
- A detailed description of the firm's experience in auditing internal controls in state, local and other governmental and public organizations and how this experience would be applied to this Project. **Names, titles, addresses and telephone numbers of such organizations and individuals who may be contacted as references must be included. A minimum of four (4) are required.**
- The names and titles of the individuals to be designated as managing Partner and Project Manager, as well as other key personnel to be assigned to the Project. Several references from other recent projects by the firm for each such member of the firm must be provided.
- The resumes of the Managing Partner and the Project Manager and other key audit and management personnel that thoroughly describe relevant training and experience that would qualify them for this Project.
- A list of deliverable items and estimated dates when those deliverables will be completed.
- A proposed plan for periodic meetings or reports to brief the UCS Project Director and other UCS management personnel on audit progress and results.
- A description of how the firm's quality assurance program will be applied to the proposed Project.

The proposal must contain one section for each of the items listed above, **IN THE ORDER LISTED ABOVE**. The firm may present any additional information it considers appropriate and pertinent.

B. Cost Proposal

The proposal must include a Cost Proposal, listing all pricing and staffing information concerning the Project (but excluding the expenses incurred in preparing and submitting the proposal as the UCS is not responsible for such expense, and the aforementioned travel expenses,). The Cost Proposal must include all information concerning discounted rates by level of staff participation, total cost for hours of work (broken down by staff level and task), anticipated out-of-pocket expenses and total maximum price for the

Project. The Cost Proposal shall reflect “NET” itemized pricing, with a total (lump sum) amount and include all aspects of performance presented herein - **charges not specified in the Cost Proposal will not be allowed.**

C. Notification of Award and Contract

All firms submitting a proposal will be notified in writing of the contract award, if any. The successful firm will be advised by the UCS through a Letter of Intent. A contract defining the Project and the specific responsibilities of the firm then will be prepared, based on the Request for Bids of the UCS and the successful firm’s proposal, both of which will be incorporated into the final contract.

ORAL PRESENTATION:

OCA/C&PA and OCA/IA reserve the right to request firms submitting a response to make an oral presentation as part, and in support of, their respective submission.

VIII. EVALUATION OF PROPOSALS & SELECTION OF SUCCESSFUL FIRM.

A. Evaluation of Proposals

An Evaluation Panel, selected by the Chief Administrative Judge of the UCS and chaired by the UCS Project Director, will evaluate each proposal and make a recommendation to the Chief Judge. The selection of the successful firm shall be made by the Chief Judge, who’s decision shall be final.

The evaluation of all timely proposals and the selection of the successful firm shall be based upon the following criteria and weighting:

- 10%** The firm’s insight into and understanding of the Project as reflected by the responsiveness, thoroughness, creativity and feasibility of the firm’s approach to the Project requirements as set forth in this RFP.
- 60%** The economy and feasibility of the firm’s Cost Proposal.
- 10%** The firm’s demonstrated level of competence in the field of governmental auditing.
- 10%** Relevant experience and qualifications of the firm’s personnel who will be assigned to the Project.
- 10%** The adequacy of the firm’s proposed management and staffing plan for the Project.

B. Notification of Award & Contract

All firms submitting a response will be notified in writing of the anticipated contract award, if any, and the successful firm will be advised by the UCS via

Letter of Intent. A contract will then be prepared based upon this Request For Proposal and the awarded firm's response thereto proposal

IX. CONTRACTUAL REQUIREMENTS

The proposal submitted by the successful firm will serve as the basis for, and will be included as an appendix to, the contract with UCS.

Important information affecting proposers which should be carefully examined is contained in the following appendices:

- The "NYS/UCS Standard Clauses for all New York State Contracts - Appendix A" (Attachment I) will be included as an appendix to the contract to be entered into between the selected firm and UCS.

In addition to the provisions in these appendices, the contracting firm will be bound by the following:

A. General Requirements

1. The relationship of the contracting auditor to UCS shall be that of an independent contractor. In accordance with such status as an independent contractor, the contracting auditor covenants and agrees to act consistent with such status; to neither hold itself out as, nor claim to be, an officer or employee of NYS by reason hereof; and not to, by reason hereof, make any claim, demand, or application to or for any right or privilege applicable to an officer or employee of NYS, including but not limited to, worker's compensation coverage, unemployment insurance benefits, social security coverage, or retirement membership credit.
2. With respect to any contract or employment as an independent contractor or employee of NYS, or any New York public corporation as defined in section 66 of the New York State General Construction Law, or any agency or department of either, pursuant to the terms of any other present or future Agreement, expressed, implied, entered into with such entity, if any, the contracting auditor hereby covenants and represents that there is no conflict as to hours required to be worked or duties required to be performed pursuant to the terms of this proposal and the aforesaid contract or employment.
3. UCS may, at any time, by written notice, make changes in or additions to work or services within the general scope of this contract. If any such change or addition causes an increase or decrease in the cost of, or in the time required for, performance of this contract, an equitable adjustment shall be made in the price using the billing rates set forth in the contract, or time of performance, or both, and the contracting auditor shall be notified in writing accordingly. Any claim by the contractor for adjustment under this clause must be asserted within 30 days from the date of receipt by the contractor of the notification of change; provided however, that UCS, if it decides that the facts justify such action, may receive and

act upon such claim as asserted at any time. Nothing in this clause shall excuse the contractor from proceeding with this contract as modified.

B. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the schedule of discounted hourly rates presented in the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. From each billing, 10 percent will be withheld pending delivery of the firm's final report.

C. Additional Work

1. If the contracting auditor is of the opinion that any work it has been directed to perform is beyond the scope of the contract and constitutes additional work, it shall promptly notify UCS, in writing, of this fact prior to beginning any of the work. UCS shall be the sole judge as to whether or not such work is in fact beyond the scope of the contract and constitutes additional work. In the event that UCS determines that such work does constitute added work, using the billing rates included in the contract, UCS shall provide extra compensation to the contractor in a fair and equitable manner. If necessary, a supplemental agreement providing the compensation and describing the work authorized shall be entered into between UCS and the contractor.
2. In the event of any claims being made or any actions being brought in connection with the contract, the contractor agrees to render to UCS all assistance required by UCS. Compensation for work performed and costs incurred in connection with this requirement shall be made in a fair and equitable manner pursuant to the rates included in the contract. In all cases provided for in the contract for the additional services described above, UCS's directions shall be exercised by the issuance of a separate agreement, if necessary.

D. Provision for Equal Employment Opportunity

UCS recognizes the need to take affirmative action to ensure that minority- and women-owned business enterprises and minority and women employees and principals are given the opportunity to participate in the performance of UCS contracts. Accordingly, it is the policy of UCS to foster and promote the participation of such individuals and business firms in the contracts of this office.

E. Freedom of Information Law (FOIL)

Freedom of Information Law (FOIL) and Bidder's Proposals: The purpose of New York State's Freedom of Information Law, which is contained in Public Officers Law sections 84-90, is to promote the public's right to know the process of governmental decision making and to grant maximum public access to governmental records. After formal contract approval by the New York State

Comptroller's Office, the proposal of the successful bidder and the proposals of unsuccessful bidders are subject to disclosure under FOIL.

However, pursuant to section 87(2)(d) of FOIL, a State agency may deny access to those portions of proposals or portions of a successful bidder's contract which "are trade secrets or submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." Please note that information which you may claim as proprietary, copyrighted or rights reserved is not protected from disclosure under FOIL.

If there is information in your proposal which you claim meets the definition set forth in section 87(2)(d), you must so inform us in a letter accompanying your proposal.

This letter must contain the following information:

- Identification by page, line or other appropriate designation of that specific portion of the proposal which contains the information; and
- A detailed justification of why disclosure of such information to the public under FOIL would cause substantial injury to your competitive position. Please note that the courts have ruled that mere conclusory statement that certain information is a trade secret and that disclosure would cause injury to your competitive position is insufficient to protect it from disclosure under FOIL.

Failure to identify the information which you believe should be protected by section 87(2)(d) may result in such information being disclosed if a request is received.

It is your responsibility to contact an attorney should you have any questions about New York State's Freedom of Information Law."

F. Reports and Findings

Any and all reports and findings rendered to UCS by the contracting auditor shall be the exclusive property of UCS and subject to its exclusive use and control. The contracting auditor herewith waives any and all rights to such reports and findings and the control thereof.

CONFIDENTIALITY

Proposer acknowledges that any and all information, records, files, documents or reports contained in any media format provided to the contractor(s) in the performance of the contractual services, or which may be otherwise encountered by bidder shall be considered extremely confidential and shall be handled accordingly at all times. Neither the bidder nor any of its employees, servants, contractors, agents or volunteers shall at

any time be permitted to utilize such confidential information for any purpose outside the scope of any resulting agreement(s) without the express prior written authorization of the UCS/IA. Any breach of this confidentiality by the bidder, by any of its employees, servants, subcontractors, agents or volunteers may result in the immediate termination of any resulting agreement by the UCS and may subject the bidder to further penalties.

G. Termination

1. The performance of work under this contract may be terminated, in whole, or in part, by UCS whenever for any reason UCS shall determine that such termination is in its best interest. Termination of work herewith shall be effected by delivery to the contractor of a notice of termination specifying the extent to which performance or work under the contract is terminated and the date upon which such termination becomes effective.
2. After receipt of the notice of termination, the contractor shall exercise all reasonable diligence to accomplish the cancellation or diversion of its outstanding commitments covering personal services and extending beyond the date of such termination, to the extent that they relate to the performance of any work terminated by the notice.
3. The contractor shall submit its termination claim to UCS promptly after receipt of a notice of termination, but in no event later than 30 days from the effective date thereof, unless one or more extensions in writing are granted by UCS, upon written request of the contractor within such 30 day period or authorized extension thereof. Upon failure to the contractor to submit its termination claim within the time allowed, UCS may determine on the basis of information available to it, the amount, if any, due to the contractor by reason of termination, and shall thereupon pay to the contractor the amount so determined.
4. If the termination is brought about as a result of unsatisfactory performance on the part of the contractor, the value of the work performed by the contractor prior to termination shall be established by UCS.
5. The contractor agrees to transfer title to UCS and deliver in the manner, at the time, and to the extent, if any, directed by the UCS, such information and items which, if the contract had been completed, it would have been required to be furnished to UCS.

H. Contractor's Liability

The contractor shall be responsible for all damage to life and property due to the negligent acts, errors or omissions of the contractor, its subcontractors, agents or employees, in the performance of its service under the contract. Further, it is expressly understood that the contractor shall indemnify and save harmless UCS from claims, suits, actions, damages and costs of every name and description resulting from the negligent performance of the services of the contractor under the contract, and such indemnity shall not be limited by reasons of enumeration of

any insurance coverage herein provided. Negligent performance of service, within the meaning of this article, shall include, in addition to negligence founded upon tort, negligence based upon the contractor's failure to meet professional standards, which results in obvious or patent errors in the progression of its work. Nothing in the contract shall create or give to third parties any claim or right of action against the contractor or UCS beyond such as may legally exist, irrespective of this article or agreement.

I Disputes and Dissatisfaction

In the event UCS or the contracting auditor is dissatisfied with the other's performance under the contract, either party must so notify the other in writing. The other party must then make every good faith effort to solve the problem or settle the dispute amicably, including meeting with a party's representatives to make a diligent attempt to reach a satisfactory result.

J. Notices

All notices, demands, instructions, claims, approvals and disapprovals required to be given to either party hereto shall be deemed to have been given properly if sent by mail addressed to the party at the address set forth in the contract or to such other address as either party shall have notified the other, in writing, to be the proper mailing address.

K. Waiver, Modification, Execution, or Severability

1. No waiver or modification of the contract or of any covenant, condition, or limitation herein contained shall be valid unless in writing and executed by the parties hereto, and no evidence of any waiver or modification shall be offered or received in evidence in any action between the parties hereto, arising out of or affecting the contract, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid, and the parties further agree that the provisions of the paragraph may not be waived except as herein set forth.
2. The written contract shall contain the sole and entire agreement between the parties and shall supersede any and all other agreements between the parties.
3. The parties hereto shall execute such other documents as may be required to effectuate the terms of the contract.
4. The terms, clauses and provisions of the contract are intended to be severable, and the unconstitutionality, illegality of any terms, clause or provision shall in no way affect the enforcement of any other term, clause or provision.

DOCUMENT ENCLOSURE CHECKLIST

Page 1

All of the following documents and information, must be **fully executed** as indicated (**Notarized where required**) and returned as specified. Failure to include **any** of the required documents or information may result in rejection of the bidder's proposal.

- Document Enclosure Checklist
- Request for Bid Form
- Attachment I, pages 3 of 10 (Non-Collusive Bidding Certificate) and 4 of 10 (Acknowledgment Form)
- Attachment II- ST-220 (Vendor Tax Compliance & Certification)
- Body of the Proposal as specified in VII, A, page 12
- Additional Information, page 13
- Cost Proposal as specified in VII, B, page 13
- List of references as specified, page 13
- Proof of Insurance
- One (1) original and Ten (10) complete copies of proposals plus documentation as required, page 3

Note: All documents which require signatures must bear the original signature of the **same authorized individual** and signatory notarizations **must** be that of the person whose signature is affixed to required documents.

DOCUMENT ENCLOSURE CHECKLIST

Page 2

Name of Firm: _____ Date: _____

Authorized Signature: _____

Name in Print: _____ Title: _____

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**McKINNEY'S 1999 SESSION LAW NEWS OF NEW YORK
222nd Legislature**

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Additions are indicated by <<+ Text +>>; deletions by <<- Text ->>. Changes in tables are made but not highlighted.

CHAPTER 510
S. 4927-B
NEW YORK STATE GOVERNMENTAL ACCOUNTABILITY, AUDIT AND INTERNAL CONTROL ACT

Approved Sept. 28, 1999

Deemed effective Jan. 1, 1999

AN ACT to amend the state finance law, the executive law, the legislative law, the judiciary law, the public authorities law and the public officers law, in relation to systems of internal control for state agencies, certain authorities, the legislature and the judiciary

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

§ 1. Short title. This act shall be known and may be cited as the "New York state governmental accountability, audit and internal control act".

§ 2. Legislative findings. The legislature hereby finds that the scope, size and complexity of state government make it necessary to assure that the state's systems of internal control provide reasonable control over all state operations, and provide the public, the governor, the state legislature, the judiciary and the heads of state agencies and authorities with assurance that state assets and resources, including but not limited to, cash, investments, facilities, inventories, supplies, equipment, and personal and contractual services are being utilized consistent with the requirements of law and duly established managerial policies and in an effective, economical and efficient manner.

The legislature further finds that the public has a right to know the extent to which state agencies and authorities, the legislature and the judiciary are achieving the objectives of internal control described herein and consequently to be fully informed of weaknesses identified through the conduct of external audits of internal controls.

The legislature further finds that prudent management of state government requires controls in all aspects of state government designed to assure that assets are properly safeguarded, that accounting entries and data are accurate and reliable, and that prescribed managerial policies are adhered to, including assurances that such assets and resources are used only for proper purposes. Therefore, this act requires systems of internal control throughout state government as well as the external audit thereof.

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The legislature finds that the adequacy and effectiveness of existing state government internal control and internal audit functions can be improved by the implementation of a more comprehensive system of internal control and internal audit that encompasses all of state government and will foster the effective and efficient use of government resources and ensure the integrity of accounting systems.

The legislature further finds that it is responsible for the generation of revenue and the appropriation of funds; and, in keeping with the constitutional principle of the separation of powers and the fact that it is directly chosen by the people, the legislature is itself directly responsible to the public for the proper use and application of the resources necessary for its operation; and the operational requirements of the legislature, which is a lateral, collegial institution rather than a hierarchical organization and is constitutionally charged with determining the rules of its own procedures, differ in many respects from those agencies charged with the delivery of goods and services to the people of the state.

The legislature previously enacted the New York state governmental accountability, audit and internal control act of 1987. The 1987 act required a system of internal controls and internal audits of funds, materials, and workforce performance. In 1993, the 1987 act was extended to January 1, 1999.

The legislature finds that the existing systems of internal control and internal audit should be reaffirmed. The legislature further finds that it is desirable to coordinate existing internal control efforts and provide a continuing statutory foundation for a comprehensive system that will foster the effective and efficient use of government resources and ensure the integrity and reliability of accounting systems.

§ 3. The state finance law is amended by adding a new section 2-a to read as follows:

<< NY STATE FIN § 2-a >>

<<+§ 2-a. Additional definitions. As used in subdivisions two-b and two-c of section eight of this chapter, the following terms shall have the following meanings:+>>

<<+1. "Internal control". A process that integrates the activities, plans, attitudes, policies, systems, resources and efforts of the people of an organization working together, and that is designed to provide reasonable assurance that the organization will achieve its objectives and mission. The objectives of an internal control system include, but are not limited to: the safeguarding of assets; checking the accuracy and reliability of accounting data and financial reporting; promoting the effectiveness and efficiency of operations; ensuring compliance with applicable laws and regulations; and encouraging adherence to prescribed managerial policies. Internal control review processes are used periodically to evaluate the ongoing internal control system and to assess and monitor the implementation of necessary corrective actions.+>>

<<+2. "Internal audit". An appraisal activity established by the management of an organization for the review of operations as a means of assuring conformance with management policies and the effectiveness of internal control, and conducted in

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conformance with generally accepted standards for internal auditing.+>>

<<+3. "State agency". Any state department, state university of New York, city university of New York, board, bureau, division, commission, committee, council, office or other governmental entity performing a governmental or proprietary function for the state, or any combination thereof as provided in subdivision two of section nine hundred fifty-one of the executive law, except any public authority or public benefit corporation, the judiciary or the state legislature.+>>

<<+4. "Judiciary". The courts and court-related programs, including the office of court administration, of the state-funded portion of the unified court system and all components thereof as provided in subdivision two of section two hundred forty-nine-a of the judiciary law.+>>

<<+5. "State legislature". The legislature of the state of New York, including all components thereof as provided in subdivision two of section ninety of the legislative law.+>>

<<+6. "Covered authority". Any public authority or public benefit corporation, other than a bi-state authority or public benefit corporation, a majority of whose members are appointed by the governor or serve as members by virtue of holding state offices to which they were appointed by the governor, or any combination thereof.+>>

§ 4. Subdivision 2-a of section 8 of the state finance law is amended by adding a new paragraph d to read as follows:

<< NY STATE FIN § 8 >>

<<+d. which is subject to such internal control as the comptroller deems necessary.+>>

§ 5. Section 8 of the state finance law is amended by adding two new subdivisions 2-b and 2-c to read as follows:

<< NY STATE FIN § 8 >>

<<+2-b. For the purposes of the New York state governmental accountability, audit and internal control act, assist in the development and implementation of an audit program for the state by:+>>

<<+a. Either as part of one or more audits, or separately, conducting periodic audits of internal controls and operations of state agencies (other than those state agencies for which an audit is required pursuant to sections nine hundred fifty-three and nine hundred fifty-four of the executive law) and of covered authorities. All such audits shall be performed in accordance with generally accepted government auditing standards. Nothing in the New York state governmental accountability, audit and internal control act shall be deemed to diminish or impair the comptroller's power to audit and authority to supervise accounts under articles V and X of the state constitution and this chapter. The audits shall identify internal control weaknesses that have not been corrected and actions that are recommended to correct these weaknesses. If any such internal control weaknesses are

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significant or material with respect to the operations of the agency that is the subject of the audit, the comptroller shall so state. The comptroller shall make available to the public the results of any such audits.+>>

<<+b. Providing technical assistance to state agencies and covered authorities and, upon request, to the state legislature and the judiciary in the implementation of internal audit functions, which shall be consistent with generally accepted standards for internal auditing and, upon request, interpreting such standards.+>>

<<+2-c. Provide technical assistance, including the issuance of internal control standards, to state agencies and covered authorities and, upon request, to the state legislature and the judiciary in the implementation and periodic evaluation of internal controls, which shall be consistent with generally accepted standards for internal control and, upon request, interpret such standards.+>>

§ 6. Section 112 of the state finance law is amended by adding a new subdivision 1-a to read as follows:

<< NY STATE FIN § 112 >>

<<+1-a. The system of accounting prescribed by the comptroller pursuant to the provisions of subdivision one of this section shall be subject to such internal control as the comptroller deems necessary.+>>

§ 7. The executive law is amended by adding a new article 45 to read as follows:

<<+ARTICLE 45 INTERNAL CONTROL RESPONSIBILITIES OF STATE AGENCIES+>>

Section

- 950. Definitions.
- 951. Internal control responsibilities.
- 952. Internal audit responsibilities.
- 953. Independent audits of the executive chamber and the division of the budget.
- 954. Independent audits of the department of audit and control and the department of law.

<< NY EXEC § 950 >>

<<+§ 950. Definitions. As used in this article, the following terms shall have the following meanings:+>>

<<+1. "Internal control". A process that integrates the activities, plans, attitudes, policies, systems, resources and efforts of the people of an organization working together, and that is designed to provide reasonable assurance that the organization will achieve its objectives and mission. The objectives of an internal control system include, but are not limited to: the safeguarding of assets; checking the accuracy and reliability of accounting data and financial reporting; promoting the effectiveness and efficiency of operations; ensuring compliance with

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applicable laws and regulations; and encouraging adherence to prescribed managerial policies. Internal control review processes are used periodically to evaluate the ongoing internal control system and to assess and monitor the implementation of necessary corrective actions.+>>

<<+2. "Internal audit". An appraisal activity established by the management of an organization for the review of operations as a means of assuring conformance with management policies and the effectiveness of internal control, and conducted in conformance with generally accepted standards for internal auditing.+>>

<<+3. "State agency". Any state department, state university of New York, city university of New York, board, bureau, division, commission, committee, council, office or other governmental entity performing a governmental or proprietary function for the state, or any combination thereof as provided in subdivision two of section nine hundred fifty-one of this article, except any public authority or public benefit corporation, the judiciary or the state legislature.+>>

<<+4. "Judiciary". The courts and court-related programs, including the office of court administration, of the state-funded portion of the unified court system and all components thereof as provided in subdivision two of section two hundred forty-nine-a of the judiciary law.+>>

<<+5. "State legislature". The legislature of the state of New York, including all components thereof as provided in subdivision two of section ninety of the legislative law.+>>

<<+6. "Covered authority". Any public authority or public benefit corporation, other than a bi-state authority or public benefit corporation, a majority of whose members are appointed by the governor or serve as members by virtue of holding state offices to which they were appointed by the governor, or any combination thereof.+>>

<< NY EXEC § 951 >>

<<+§ 951. Internal control responsibilities. 1. The head of each state agency shall:+>>

<<+a. establish and maintain for the agency guidelines for a system of internal control that are in accordance with this article and internal control standards;+>>

<<+b. establish and maintain for the agency a system of internal control and a program of internal control review. The program of internal control review shall be designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the agency's ongoing internal control;+>>

<<+c. make available to each officer and employee of the agency a clear and concise statement of the generally applicable management policies and standards with which the officer or employee of such agency shall be expected to comply. Such statement shall emphasize the importance of effective internal control to the agency and the responsibility of each officer and employee for effective internal control;+>>

<<+d. designate an internal control officer, who shall report to the head of the

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agency, to implement and review the internal control responsibilities established pursuant to this section;+>>

<<+e. implement education and training efforts to ensure that officers and employees within such agency have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques; and+>>

<<+f. periodically evaluate the need for an internal audit function.+>>

<<+2. In order to identify all state agencies and their responsibilities for the purposes of implementing the provisions of this article, the director of the division of the budget shall issue and update as necessary a schedule which lists all covered state agencies.+>>

<< NY EXEC § 952 >>

<<+§ 952. Internal audit responsibilities. 1. The director of the division of the budget, after reviewing the evaluation of the head of each state agency as to the need for an internal audit function, shall issue and, at the director's discretion, periodically revise a schedule of state agencies (other than the department of audit and control and the department of law) which are required to establish and maintain an internal audit function. The comptroller and the attorney general or their designees shall determine, and periodically review such determination of, whether an internal audit function within their respective departments is required. Establishment of such function shall be based upon an evaluation of exposure to risk, costs and benefits of implementation, and any other factors that are determined to be relevant. The head of each state agency listed in the budget director's schedule, and the comptroller and the attorney general if they or their designees so determine, shall establish an internal audit function which operates in accordance with generally accepted professional standards for internal auditing. Any such internal audit function shall be directed by an internal audit director who shall report directly to the head of such state agency. Notwithstanding any other provision of law, each internal audit director shall be appointed by the head of the state agency based on appropriate internal auditing credentials of the proposed appointee, consistent with generally accepted standards for internal auditing, including internal auditing education and experience. The position of internal audit director shall be an exempt position and except in the case of the department of audit and control and department of law, such appointment shall be subject to the approval of the director of the budget. For agencies for which an independent audit is not required pursuant to sections nine hundred fifty-three and nine hundred fifty-four of this article, the internal audit function shall evaluate the agency's internal controls and operations. The internal audit function shall also identify internal control weaknesses that have not been corrected and make recommendations to correct these weaknesses.+>>

<<+2. In the event the head of a state agency does not establish an internal audit function pursuant to subdivision one of this section, he or she shall nevertheless establish and maintain the program of internal control review required by section nine hundred fifty-one of this article.+>>

<< NY EXEC § 953 >>

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<<+§ 953. Independent audits of the executive chamber and the division of the budget. 1. At least once every three years, the independent certified public accountant or accountants selected pursuant to this section shall conduct audits of the internal controls of the executive chamber and the division of the budget, either as a single audit or separately. Such audits shall be performed in accordance with generally accepted government auditing standards and shall include a report on whether the executive chamber and division of the budget's internal controls are established and functioning in a manner that provides reasonable assurance that they meet the objectives of internal control as defined in section nine hundred fifty of this article. The report shall identify the internal controls both evaluated and not evaluated and shall identify internal control weaknesses that have not been corrected and actions that are recommended to correct these weaknesses. If any such internal control weaknesses are significant or material with respect to the entity, the independent auditor shall so state. The governor and the director of the budget shall make available to the public the results of such audits, including any related management letters. The governor and director of the budget and any officer or employee of the executive chamber and the division of the budget shall make available upon request to such independent certified public accountants all books and records relevant to such independent audits.+>>

<<+2. The governor and the director of the budget, either separately or jointly, shall request proposals from independent certified public accountants for audits of the internal controls of the executive chamber and the division of the budget. The requests for proposals shall include a reference to the requirements for audits conducted pursuant to subdivision one of this section. The governor and the director of the budget shall select such independent auditor or auditors in accordance with a competitive procedure including an evaluation, based on quality and price factors, of those proposals received in response to such requests for proposals.+>>

<< NY EXEC § 954 >>

<<+§ 954. Independent audits of the department of audit and control and the department of law. 1. At least once every three years, the independent certified public accountants selected pursuant to this section shall conduct audits of the internal controls of the department of audit and control and the department of law, respectively. Such audits shall be performed in accordance with generally accepted government auditing standards and shall include a report on whether the departments' internal controls are established and functioning in a manner that provides reasonable assurance that they meet the objectives of internal control as defined in section nine hundred fifty of this article. The report shall identify the internal controls both evaluated and not evaluated and shall identify internal control weaknesses that have not been corrected and actions that are recommended to correct these weaknesses. If any such internal control weaknesses are significant or material with respect to such departments, the independent auditors shall so state. The comptroller and the attorney general shall make available to the public the results of such audits, including any related management letters. The comptroller and attorney general and any officer or employee of such departments shall make available upon request to such independent certified public accountants all books and records relevant to such independent audits.+>>

<<+2. The comptroller and the attorney general shall request proposals from independent certified public accountants for audits of the internal controls of

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their respective departments. The requests for proposals shall include a reference to the requirements for audits conducted pursuant to subdivision one of this section. The comptroller and attorney general shall select such independent auditors in accordance with a competitive procedure including an evaluation, based on quality and price factors, of those proposals received in response to such requests for proposals.++>>

<<+3. Whenever the comptroller or the comptroller's appointee is a member of any board, commission, committee, council, or corporation, which constitutes a state agency, the governing body of such board, commission, committee, council, or corporation shall select an independent auditor for the purpose of conducting audits of internal controls in accordance with this section.++>>

<< NY LEG Art. 6 >>

<< NY LEG Art. 7 >>

<< NY LEG § § 90, 91 >>

<< NY LEG § § 100, 101 >>

§ 8. Article 6 and sections 90 and 91 of the legislative law, article 6 as renumbered by chapter 941 of the laws of 1964, are renumbered article 7 and sections 100 and 101 and a new article 6 is added to read as follows:

<<+ARTICLE 6 INTERNAL CONTROL RESPONSIBILITIES OF THE STATE LEGISLATURE++>>

Section

- 89. Definitions.
- 90. Internal control responsibilities.
- 91. Internal audit responsibilities.
- 92. Independent audits.

<< NY LEG § 89 >>

<<+§ 89. Definitions. As used in this article, the following terms shall have the following meanings:++>>

<<+1. "Internal control". A process that integrates the activities, plans, attitudes, policies, systems, resources and efforts of the people of an organization working together, and that is designed to provide reasonable assurance that the organization will achieve its objectives and mission. The objectives of an internal control system include, but are not limited to: the safeguarding of assets; checking the accuracy and reliability of accounting data and financial reporting; promoting the effectiveness and efficiency of operations; ensuring compliance with applicable laws and regulations; and encouraging adherence to prescribed managerial policies. Internal control review processes are used periodically to evaluate the ongoing internal control system and to assess and monitor the implementation of necessary corrective actions.++>>

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<<+2. "Internal audit". An appraisal activity established by the management of an organization for review of operations as a means of assuring conformance with management policies and the effectiveness of internal control, and conducted in conformance with generally accepted standards for internal auditing.+>>

<<+3. "Legislature". The legislature of the state of New York, including all components thereof as provided in subdivision two of section ninety of this chapter.+>>

<< NY LEG § 90 >>

<<+§ 90. Internal control responsibilities. 1. The senate and the assembly shall each:+>>

<<+a. establish and maintain by rule guidelines for a system of internal control; and+>>

<<+b. establish and maintain a system of internal control and a program of internal control review for their respective house.+>>

<<+2. In order to identify all the components of the legislature and their responsibilities for the purposes of implementing the provisions of this article, the temporary president of the senate and the speaker of the assembly shall jointly issue, and at their discretion, periodically revise a schedule which lists all components of each of their respective houses of the legislature. The temporary president of the senate and the speaker of the assembly may identify in a schedule components for which joint internal controls and internal control reviews will be established and maintained.+>>

<< NY LEG § 91 >>

<<+§ 91. Internal audit responsibilities. 1. The temporary president of the senate and the speaker of the assembly or their designees shall determine, and periodically review such determination of, whether an internal audit function within their respective house is required. Establishment of such function shall be based upon an evaluation of costs and benefits of implementation and other factors that are determined to be relevant. In the event it is determined that an internal audit function is required for one or both houses, the temporary president of the senate or the speaker of the assembly shall establish an internal audit function within the respective house which operates in accordance with generally accepted standards for internal auditing. Any such internal audit function shall be directed and shall report in a manner prescribed by the respective house. The internal audit function shall evaluate the respective house's internal controls, identify internal control weaknesses that have not been corrected and make recommendations to correct these weaknesses.+>>

<<+2. In the event the temporary president of the senate or the speaker of the assembly does not establish an internal audit function pursuant to subdivision one of this section he or she shall nevertheless establish and maintain the program of internal control review required by section ninety of this article.+>>

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<< NY LEG § 92 >>

<<+§ 92. Independent audits. 1. At least once every three years, the independent certified public accountants selected pursuant to this section shall conduct audits of the internal controls of each house of the legislature. Such audits shall be performed in accordance with generally accepted government auditing standards and shall include a report on whether the respective house's internal controls are established and functioning in a manner that provides reasonable assurance that they meet the objectives of internal control as defined in section eighty-nine of this article. The report shall identify the internal controls both evaluated and not evaluated and shall identify internal control weaknesses that have not been corrected and actions that are recommended to correct these weaknesses. If any such internal control weaknesses are significant or material with respect to each house, the independent auditor shall so state. The temporary president of the senate and the speaker of the assembly shall make available to the public the results of such audits, including any related management letters. The temporary president and the speaker and any officer or employee of each house shall make available upon request to such independent certified public accountants all books and records relevant to such independent audits.+>>

<<+2. The temporary president of the senate and the speaker of the assembly shall request proposals from independent certified public accountants for audits of the internal controls of their respective house. The requests for proposals shall include a reference to the requirements for audits conducted pursuant to subdivision one of this section. The temporary president and the speaker shall select such independent auditors in accordance with a competitive procedure including an evaluation, based on quality and price factors, of those proposals received in response to such requests for proposals.+>>

§ 9. Subdivision 1 of section 211 of the judiciary law is amended by adding a new paragraph (g-1) to read as follows:

<< NY JUD § 211 >>

<<+(g-1) A system of internal control for the unified court system, pursuant to article seven-D of this chapter.+>>

§ 10. The judiciary law is amended by adding a new article 7-D to read as follows:

<<+ ARTICLE 7-D INTERNAL CONTROL RESPONSIBILITIES OF THE JUDICIARY+>>

- Section
- 249. Definitions.
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<< NY JUD § 249 >>

<<+§ 249. Definitions. As used in this article, the following terms shall have the following meanings:+>>

<<+1. "Internal control". A process that integrates the activities, plans, attitudes, policies, systems, resources and efforts of the people of an organization working together, and that is designed to provide reasonable assurance that the organization will achieve its objectives and mission. The objectives of an internal control system include, but are not limited to: the safeguarding of assets; checking the accuracy and reliability of accounting data and financial reporting; promoting the effectiveness and efficiency of operations; ensuring compliance with applicable laws and regulations; and encouraging adherence to prescribed managerial policies. Internal control review processes are used periodically to evaluate the ongoing internal control system and to assess and monitor the implementation of necessary corrective actions.+>>

<<+2. "Internal audit". An appraisal activity established by the management of an organization for the review of operations as a means of assuring conformance with management policies and the effectiveness of internal control, and conducted in conformance with generally accepted standards for internal auditing.+>>

<<+3. "Judiciary". The courts and court-related programs, including the office of court administration, of the state-funded portion of the unified court system and all components thereof as provided in subdivision two of section two hundred forty-nine-a of this article.+>>

<< NY JUD § 249-a >>

<<+§ 249-a. Internal control responsibilities. 1. The chief judge shall:+>>

<<+a. establish and maintain for the judiciary guidelines for a system of internal control;+>>

<<+b. establish and maintain for the judiciary a system of internal control and a program of internal control review. The program of internal review shall be designed to identify internal control weaknesses and identify actions that are needed to correct these weaknesses; and+>>

<<+c. designate one or more internal control officers to implement and review the internal control responsibilities established pursuant to this section.+>>

<<+2. In order to identify all components of the judiciary and their responsibilities for the purposes of implementing the provisions of this article, the chief judge shall issue and, at his or her discretion, periodically revise a schedule which lists all such components.+>>

<< NY JUD § 249-b >>

<<+§ 249-b. Internal audit responsibilities. 1. The chief judge or his or her

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designee shall determine, and periodically review his or her determination of, whether an internal audit function within the judiciary is required. Establishment of such function shall be based upon an evaluation of exposure to risk, costs and benefits of implementation, and any other factors that are determined to be relevant. In the event it is determined that an internal audit function is required, the chief judge shall establish an internal audit function which operates in accordance with generally accepted professional standards for internal auditing. Any such internal audit function shall be directed by an internal audit director who shall report directly to the chief administrative judge. The internal audit function shall evaluate the judiciary's internal controls, identify internal control weaknesses that have not been corrected and make recommendations to correct these weaknesses.+>>

<<+2. In the event the chief judge does not establish an internal audit function pursuant to subdivision one of this section he or she shall nevertheless establish and maintain the program of internal control review required by section two hundred forty-nine-a of this article.+>>

<< NY JUD § 249-c >>

<<+§ 249-c. Independent audits. 1. At least once every three years, the independent certified public accountant selected pursuant to this section shall conduct audits of the internal controls of the judiciary. Such audits shall be performed in accordance with generally accepted government auditing standards and shall include a report on whether the judiciary's internal controls are established and functioning in a manner that provides reasonable assurance that they meet the objectives of internal control as defined in section two hundred forty-nine of this article. The report shall identify the internal controls both evaluated and not evaluated and shall identify internal control weaknesses that have not been corrected and actions that are recommended to correct these weaknesses. If any such internal control weaknesses are significant or material with respect to the judiciary, the independent auditor shall so state. The chief judge shall make available to the public the results of such audits, including any related management letters. The chief judge and any officer or employee of the judiciary shall make available upon request to such independent certified public accountants all books and records relevant to such independent audits.+>>

<<+2. The chief judge shall request proposals from independent certified public accountants for audits of the internal controls of the judiciary. The requests for proposals shall include a reference to the requirements for audits conducted pursuant to subdivision one of this section. The chief judge shall select such independent auditor in accordance with a competitive procedure including an evaluation, based on quality and price factors, of those proposals received in response to such requests for proposals.+>>

§ 11. Article 9 of the public authorities law is amended by adding a new title 8 to read as follows:

<<+ TITLE 8 INTERNAL CONTROL RESPONSIBILITIES OF PUBLIC AUTHORITIES+>>

Section
2930. Definitions.

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2931. Internal control responsibilities.

2932. Internal audit responsibilities.

<< NY PUB AUTH § 2930 >>

<<+§ 2930. Definitions. For the purposes of this title, the following terms shall have the following meanings:+>>

<<+1. "Internal control". A process that integrates the activities, plans, attitudes, policies, systems, resources and efforts of the people of an organization working together, and that is designed to provide reasonable assurance that the organization will achieve its objectives and mission. The objectives of an internal control system include, but are not limited to: the safeguarding of assets; checking the accuracy and reliability of accounting data and financial reporting; promoting the effectiveness and efficiency of operations; ensuring compliance with applicable laws and regulations; and encouraging adherence to prescribed managerial policies. Internal control review processes are used periodically to evaluate the ongoing internal control system and to assess and monitor the implementation of necessary corrective actions.+>>

<<+2. "Internal audit". An appraisal activity established by the management of an organization for the review of operations as a means of assuring conformity with management policies and the effectiveness of internal control, and conducted in conformance with generally accepted standards for internal auditing.+>>

<<+3. "Covered authority". Any public authority or public benefit corporation, other than a bi-state authority or public benefit corporation, a majority of whose members are appointed by the governor or serve as members by virtue of holding state offices to which they were appointed by the governor, or any combination thereof.+>>

<< NY PUB AUTH § 2931 >>

<<+§ 2931. Internal control responsibilities. The governing board of each covered authority shall: 1. establish and maintain for the authority guidelines for a system of internal control that are in accordance with this article and internal control standards;+>>

<<+2. establish and maintain for the authority a system of internal control and a program of internal control review. The program of internal review shall be designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the authority's ongoing internal controls;+>>

<<+3. make available to each member, officer and employee a clear and concise statement of the generally applicable managerial policies and standards with which he or she is expected to comply. Such statement shall emphasize the importance of effective internal control to the authority and the responsibility of each member, officer and employee for effective internal control;+>>

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<<+4. designate an internal control officer, who shall report to the head of the authority, to implement and review the internal control responsibilities established pursuant to this section; and+>>

<<+5. implement education and training efforts to ensure that members, officers and employees have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques.+>>

<< NY PUB AUTH § 2932 >>

<<+§ 2932. Internal audit responsibilities. 1. The governing board of each covered authority or its designee shall determine, and periodically review the determination of, whether an internal audit function within the covered authority is required. Establishment of such function shall be based upon an evaluation of exposure to risk, costs and benefits of implementation, and any other factors that are determined to be relevant. In the event it is determined that an internal audit function is required, the governing board of each covered authority shall establish an internal auditfunction which operates in accordance with generally accepted professional standards for internal auditing. Any such internal audit function shall be directed by an internal audit director who shall report directly to the governing board of the authority. Internal audit director appointments shall be based on appropriate internal auditing credentials of the proposed appointee, consistent with generally accepted standards for internal auditing, including internal auditing education and experience. The internal audit function shall evaluate the authority's internal controls and operations, identify internal control weaknesses that have not been corrected and make recommendations to correct these weaknesses.+>>

<<+2. In the event the governing board does not establish an internal audit function pursuant to subdivision one of this section it shall nevertheless establish and maintain the program of internal control review required by section twenty-nine hundred thirty-one of this title.+>>

§ 12. Paragraph (g) of subdivision 2 of section 87 of the public officers law, as added by chapter 933 of the laws of 1977, is amended to read as follows:

<< NY PUB OFF § 87 >>

(g) are inter-agency or intra-agency materials which are not:

- i. statistical or factual tabulations or data;
- ii. instructions to staff that affect the public; <<-or->>
- iii. final agency policy or determinations; <<-or->>

<<+iv. external audits, including but not limited to audits performed by the comptroller and the federal government; or+>>

§ 13. Subdivision 2 of section 88 of the public officers law is amended by adding a new paragraph (j) to read as follows:

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<< NY PUB OFF § 88 >>

<<+(j) external audits conducted pursuant to section ninety-two of the legislative law and schedules issued pursuant to subdivision two of section ninety of the legislative law.+>>

§ 14. The state comptroller, state agencies, covered authorities, the state legislature and the judiciary, as defined in this act, are authorized to take all actions necessary to implement their respective internal control and audit responsibilities under this act.

§ 15. This act shall take effect immediately, and shall be deemed to have been in full force and effect on and after January 1, 1999.

NY LEGIS 510 (1999)

END OF DOCUMENT

EXHIBIT B

OVERVIEW OF THE NEW YORK STATE UNIFIED COURT SYSTEM

The New York State judicial system is one of the largest in the world. There are 1,100 judges of courts of record, 2,400 town and village judges and more than 11,500 non-judicial employees.

The Court of Appeals, the State's highest court, hears cases on appeals from lower appellate courts and in some cases from courts of original jurisdiction.

There are four Appellate Divisions of the Supreme Court, one in each of the State's four judicial departments. The Appellate Divisions hear civil and criminal appeals from the trial courts. The Appellate Divisions also have original jurisdiction over selected proceedings. Because of the large case volume, Appellate Terms have been established by the Appellate Divisions in the First and Second Departments to hear appeals from the lower trial courts, such as the Civil Court of New York and the District Courts of Nassau and Suffolk Counties.

The Supreme Court is the trial court of unlimited general jurisdiction. It exercises civil jurisdiction statewide. In New York City and some other parts of the State, it also exercises jurisdiction over criminal felony charges.

The Court of Claims is a special trial court that hears and determines claims against the State of New York.

There are three county-level courts: County, Family and Surrogate's Courts. The County Court is established in each county outside New York City and generally hears criminal felony cases and civil cases involving money damages up to \$25,000. The Family Court is established in each county in the State and in the City of New York. It has jurisdiction over matters involving children and families, including support, juvenile delinquency, child protection, foster care placement, paternity, family offenses and adoption. The Surrogate's Court is established in every county in the State and hears cases involving the affairs of decedents, including the probate of wills and the administration of estates. Surrogate's Courts share jurisdiction over adoption proceedings with the Family Court.

Courts of limited jurisdiction hear minor civil matters, misdemeanors, violations and traffic infractions. They also conduct arraignments and other preliminary proceedings in felony cases.

In New York City, the Civil Court tries cases for money damages up to \$25,000 and other matters referred by the Supreme Court. It also includes a Small Claims Part for damages up to \$3,000 and a Housing part for landlord-tenant matters and housing code violations. The Criminal Court of the City of New York has jurisdiction over misdemeanors and violations, and conducts arraignments and preliminary proceedings in felony cases.

Outside of New York City, the courts of limited jurisdiction include the District, City, Town and Village Courts. These courts handle minor civil and criminal matters. However, some City Courts have jurisdiction over civil matters only, some over criminal matters only, and other over both.

The administrative structure of the court system is headed by the Chief Judge of the Court of Appeals, the Honorable Judith S. Kaye, and the Chief Administrative Judge, the Honorable Jonathan Lippman. The Chief Judge chairs the Administrative Board of the Courts, which also includes the Presiding Justices of the four Appellate Divisions. The Chief Judge, in consultation with the Administrative Board, develops statewide standards and policies and promulgates them after approval by the Court of Appeals.

The Chief Administrative Judge is assisted by the First Deputy Chief Administrative Judge, Honorable Ann T. Pfau who supervises the two Deputy Chief Administrative Judges - the Honorable Jan H. Plumadore, for the trial courts outside of New York City, and the Honorable Joan B. Carey, for the trial courts within New York City. The First Deputy Chief Administrative Judge also supervises the units within the Office of Management Support. Assistance is also provided by Counsel, Michael Colodner, Esq., who directs the legal and legislative work of the Office of Court Administration of the UCS.

The Deputy Chief Administrative Judge for the Courts Outside New York City supervises the administrative judges for the Third through the Ninth Judicial Districts, Nassau County, Suffolk County and the Court of Claims.

Within New York City there are administrative judges for the Citywide Civil Court, the Criminal Court and Family Court. In the First Judicial District (Manhattan), there is one administrative judge for the Supreme Court, Civil Term, and another for the Supreme Court, Criminal Term. In the Second Judicial District (Brooklyn and Staten Island), Eleventh Judicial District (Queens) and the Twelfth Judicial District (Bronx), one administrative judge supervises both the criminal and civil terms of the Supreme Court. In addition, there are five Surrogate's Courts in New York City and five County Clerks. Each of these separate administrative units is responsible to the Deputy Chief Administrative Judge for the Courts Inside New York City.

The Deputy Chief Administrative Judges generally are responsible for budget proposals, personnel assignments, caseload management, space allocation and day-to-day operations within the courts.

The Office of Management Support provides staff support in the areas of Personnel, Budget, Internal Auditing, Court Operations, Equal Employment Opportunity, Employee Relations, Education and Training, Programs and Planning, Inspector General, Communications and the Community Dispute Resolution Centers Program. These units have statewide responsibility in their functional areas.

A number of auxiliary operations are administered by the Court of Appeals and the Appellate Divisions. The State Reporter's Office is responsible for publishing decisions of the courts which are noteworthy as precedent or which are of public interest. The State Board of Law Examiners administers the New York State bar examination and ensures that only competent persons are permitted to practice law. The Candidate Fitness Program determined whether candidates possess a demonstrated ethical character in order to be admitted to the Board. The Attorney Grievance Program investigates and prosecutes charges of misconduct against attorneys. The Assigned Counsel Program provides legal services to persons alleged to be mentally defective or mentally ill, children in custody proceedings and indigents. The Law Guardian Program provides counsel to minors in Family Court proceedings, such as juvenile delinquents and persons in need of supervision. The Mental Hygiene Legal Service provides counsel to mentally disabled persons who are under care which restricts their freedom.

LIST OF ATTACHMENTS

UCS/RFP FORM UNIFIED COURT SYSTEM REQUEST FOR BID/PROPOSAL FORM

ATTACHMENT I NYS UNIFIED COURT SYSTEM STANDARD REQUEST FOR BID CLAUSES & FORMS (REV. 10:01:00)

FORMS:

NON-COLLUSIVE BIDDING CERTIFICATE

ACKNOWLEDGMENT OF INDIVIDUAL/CORPORATION

BIDDER'S CERTIFICATION OF WORK (PRINTING) N/A

BIDDER'S CERTIFICATION OF RECYCLED PRODUCT(S) N/A

MANUFACTURER'S AFFIDAVIT OF RECYCLED CONTENT N/A

NYS UNIFIED COURT SYSTEM APPENDIX A - STANDARD CLAUSES FOR ALL CONTRACTS

ATTACHMENT II ST-220 VENDOR TAX COMPLIANCE & CERTIFICATION

DOCUMENT ENCLOSURE CHECKLIST

EXHIBIT A NYS GOVERNMENTAL ACCOUNTABILITY, AUDIT AND INTERNAL CONTROL ACT.

EXHIBIT B OVERVIEW OF THE NEW YORK STATE UNIFIED COURT SYSTEM