



CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
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COMPTROLLER

To: Agency Heads/Fiscal Officers/Engineering Audit Officers

From: Maria Tavares, Deputy Comptroller for Accountancy/Chief Accountant  
Valerie Budzik, Deputy Comptroller for Legal Affairs /General Counsel

Date: April 25, 2013

Re: Comptroller's Directive # 2 *Procedures for the Audit of Payment Requests Submitted Under Cost Reimbursable Contracts.*

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A new version of the Comptroller's Internal Control and Accountability Directive #2 has been posted to the Comptroller's website. It supersedes the existing version, dated May 13, 1998.

This Directive provides agency Engineering Audit Officers ("EAO") with procedures for auditing payment requests issued against cost reimbursable contracts to ensure, prior to payment, that the City has received appropriate value.

The most significant additions are summarized below:

- Section 2.0 *Audit Function Overview* - added reporting requirements pursuant to Mayoral Executive Order 16, Section 4.d., dated July 26, 1978.
- Section 2.3 *Contractual Provisions for Indirect Costs* - added a requirement for filing contract overhead multiplier findings, determined by agency audit, with the Comptroller's Chief Engineer to make them available to other agencies.
- Section 4.1.4 *Special Provisions* - added a requirement for particular attention to be paid to contract provisions associated with government grants/funding for the contract.
- Section 4.4.1 *Audit of Direct Cost Elements* - added items regarding compensation for principals performing specific technical assignments, and annual rate increase limits for technical personnel.
- Section 4.4.4 *Equipment* - new section addressing allowable costs connected with contractor owned construction equipment.

- Section 4.6.1 *Audit Procedures to Determine the Overhead Multiplier* - new section outlining audit steps to determine the Overhead Multiplier on certain engineering services contracts.
- Section 5.1.4 *Excess Compensation* – section expanded to address the reasonableness of executive compensation.

This Directive is effective immediately. Questions should be addressed to the Chief Engineer, Bureau of Engineering, 1 Centre Street, Room 650, New York, NY 10007, (212) 669-2037, Email: [Engineer@comptroller.nyc.gov](mailto:Engineer@comptroller.nyc.gov)