



Simcha Felder
 DEPUTY COMPTROLLER
 ACCOUNTANCY AND BUDGET

CITY OF NEW YORK
 OFFICE OF THE COMPTROLLER
 JOHN C. LIU

BUREAU OF ACCOUNTANCY AND BUDGET

MUNICIPAL BUILDING
 ONE CENTRE STREET, ROOM 602
 NEW YORK, N.Y. 10007-2341

TEL: (212) 669-2625
 FAX: (212) 815-8580
 SFELDER@COMPTROLLER.NYC.GOV

MEMORANDUM

To: Agency Heads/Fiscal Officers

From: Simcha Felder 

Date: May 25, 2012

Re: Revision of Comptroller's Directive 22 – Accounting, Financial Reporting and Audit Requirements for Entities Included in the Financial Reporting Entity of the City of New York

A revised version of Comptroller's Internal Control and Accountability Directive 22 is attached for your use and guidance. The Directive applies to organizations deemed to be Component Units of The City of New York (City) and to organizations identified as Pension and other Employee Benefit Trust Funds of The City of New York. A complete listing of the City's Component Units and Pension and Other Employee Benefit Trust Funds appear in the City's Comprehensive Annual Financial Report which may be found on the Comptroller's website at <http://www.comptroller.nyc.gov>

Under the Government Accounting Standards Board Statement 14, *The Financial Reporting Entity* (GASB 14), as amended, the primary governments must apply specific criteria to determine which organizations and funds constitute their financial reporting entity. GASB 14, as amended, requires the City, as the primary government, to incorporate organizations and funds for which it is financially accountable. In addition, The City may determine, through the exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

This directive now incorporates the requirements of Government Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus: an amendment of GASB Statements No. 14 and No. 34*. The Directive also includes a requirement that audit contracts should include provisions allowing a reporting entity's independent auditor to coordinate auditing procedures and communicate with its Component Units independent auditors in accordance with the Clarified Statements on Auditing Standards issued by the American Institute of Certified Public Accountants.

The Directive continues to require Component Units and Pension and Other Employee Benefit Trust Funds to provide audited financial statements to the Office of the Comptroller in accordance with the schedules and conditions specified herein. A final version of the financial statements, accompanied with the pro-forma Bureau of Accountancy version, if required, must be submitted to the Office of the Comptroller no later than three months after the close of the entities fiscal year. The auditor's management letter and management's response to the management letter must be submitted to the Office of the Comptroller no later than five months after the close of the entity's fiscal year.

Questions should be addressed to the Directives Unit, Bureau of Accountancy, (212-669-8216), 1 Centre Street, Room 200 South, New York, NY 10007, E-mail: directives@comptroller.nyc.gov.

Attachment