OFFICE OF THE
NEW YORK CITY
COMPTROLLER

**MAURA HAYES-CHAFFE**
DEPUTY COMPTROLLER FOR AUDIT

**COMPTROLLER'S MEMORANDUM**

TO: All Agency Heads, Authorities, Boards, Commissions and Corporations

FROM: Maura Hayes-Chaffe, Deputy Comptroller for Audit

SUBJECT: Filing of Comptroller's Directive #1
Financial Integrity Statement

DATE: July 2, 2026

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The Comptroller is committed to the integrity of the City's management and financial systems. Comptroller's Directive 1: Principals of Internal Control, last updated in December 2025, is an important tool for assisting you in the assessment of the fiscal integrity of your agency. Directive 1's Financial Integrity Statement (the "Statement") and accompanying Checklist are specifically designed to help you and your managers determine with reasonable assurance whether your internal controls are adequate and to identify any serious weaknesses that need to be corrected. Weaknesses in internal controls can create a climate for fraud, inefficiency, and inaccurate financial reporting. The Statement should also help your agency prepare for the citywide audit and Charter mandated internal control statements.

We ask that you and your managers carefully and accurately complete the Statement's Checklist (the "Checklist") which now consists of a series of Microsoft forms. The Checklist will not be considered completed until all related forms have been submitted in accordance with the instructions provided below. These can be completed and submitted on a rolling basis by the deadline set when links to the mandated forms are distributed every four years by the Comptroller's Office.

While completing the Checklist, please fully consider all grant accountability requirements and ensure that appropriate systems, policies, and procedures are in place to support compliance. Agencies should be vigilant in ensuring that all requirements are fully met and that documentation of compliance is maintained.

The Comptroller considers the Checklist questions to be criteria that agencies must follow to maintain effective internal control systems. The forms were designed to support an effective self-assessment of internal controls. The assessment is ultimately designed to help agencies identify and reduce risks presented by non-compliance, inefficient and ineffective performance, inadequate fiscal management and/or monitoring of internal operations.

Directive 1 and the Checklist were not created to inform the Comptroller's audit plan or to identify weaknesses that should be audited. Agencies and programs that conduct strong and effective self-assessments, identify their own internal control weaknesses, and evidence plans to address them in response to the Checklist, are unlikely to trigger a Directive 1 related audit. However, agencies that do not file the Financial Integrity Statement or submit the completed Checklist forms with the Comptroller's Office may well trigger an audit to assess compliance with Directive 1.

Specific instructions for completing the Statement and submitting the electronic filing follow below. Additional instructions can also be found in the Comptroller Office's email used to distribute forms every four years.

**Instructions**

The Checklist now consists of a series of Microsoft forms. These have been oriented around the core elements of an adequate internal control system, as set out in the revised Directive 1 issued in December 2025.

The first form, the "Agency Wide From", concerns central agency accountability functions; the second form, the "Sub-Division Form", should be distributed to and completed by each agency sub-division responsible for one or more Charter/legally mandated functions and major support functions within the agency, including Human Resources, Procurement, and Legal. The third form, the "Financial Form", concerns compliance with financial directives issued by the Comptroller; and the fourth form, the "IT Security Form" focuses on IT security. Sub-divisions responsible for Financial and IT Security functions within the agency should use these forms in lieu of the Sub-Division Form. Each agency will only complete the Agency Wide Form, the Financial Form and the IT Security Form once; rather than copying and pasting responses from program areas or lines of service across the agency into a single form, each sub-division within the agency will complete and submit the Sub-division Form directly.

This does not mean agencies should not review Sub-Division Forms before they are submitted; Microsoft Forms provides the ability to modify forms after submission. This has been enabled to facilitate internal sharing, review and modification, before forms are finalized. The Comptroller's Office fully supports the internal consultative processes that will lead to form modification. Modifications are not tracked and only final forms will be reviewed. Ideally all responses to all four forms are completed and submitted to the agency head and considered prior to completion of the agency form and submission of the Financial Integrity Statement.

The forms should be used as a basis for conducting reviews of your agency's internal control structures – centrally and within the sub-divisions that are responsible for ensuring control environments are adequately maintained. Your review should be of sufficient depth to identify significant control weaknesses.

Once completed using the links above, and submitted online, the Financial Integrity Statement should be prepared. Your Financial Integrity Statement must contain each of the following elements:

A scope paragraph that outlines the areas reviewed, affirms that all areas described on the Checklist have been reviewed, and states the nature and extent of the work performed and the date of the completion of the review.

An opinion paragraph that describes the results of your evaluation of internal controls, in one of the formats below:

a) If no material weakness has been identified during the evaluation:

"In our opinion the (name of agency)'s present internal control structure, taken as a whole, is sufficient to meet internal control objectives that pertain to the prevention and detection of errors or irregularities that would be material to the agency."

or

b) If material weaknesses have been identified and some or all control objectives are not being achieved:

"The (name of agency)'s present structure has certain weaknesses which may prevent (some or) all internal control objectives from being achieved.

These weaknesses include (identify the weaknesses, e.g., failure to segregate responsibilities of cash collection, reconciliation, and deposit; failure to maintain records over inventory of supplies and property, etc.). The (name of the agency) intends to take action to correct these problems.

Except for (or due to) those areas mentioned above, the present internal control structure is (or is not) sufficient to meet internal control objectives that pertain to the prevention and detection of errors and irregularities that would be material to the agency as a whole."

The statement should be submitted with:

A written description of corrective actions to be taken for any of the areas of the Checklist where weaknesses have been identified, the date you expect the action to be completed, and the name and telephone number of the person responsible for ensuring the action is completed;

A summary of taken to correct internal control problems identified in previous Financial Integrity Statements that remain unresolved;

Written confirmation that all requested Microsoft forms which comprise the Checklist have been completed and submitted to the Comptroller's Office, in accordance with the instructions above;

The name, title, and telephone number of the agency representative responsible for preparing the statement; and

The signature of agency head.

The completed, signed Financial Integrity Statement should be addressed to the Deputy Comptroller for Audit, and e-mailed to the Comptroller's Office at Directive1@comptroller.nyc.gov The e-mail subject should include your agency's name. The Statement should be converted to a PDF so that it may be electronically transmitted.

If you have any questions, need assistance, or have any suggestions about how to make the Financial Integrity Statement more useful or easier to complete, please contact the Audit Bureau within the Office of the New York City Comptroller, at audit@comptroller.nyc.gov.

cc: Audit Coordinators and Fiscal Officers

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