



INFORMATION ANNOUNCEMENT

Andrew M. Cuomo
Governor

RoAnn M. Destito
Commissioner

Changes in Lease Payment Processing Beginning December 1, 2013

As part of our commitment to continuously improve BSC Finance services, we are implementing changes that will streamline the State's processing of lease payments.

As discussed in an October 26 conference call with all customer agencies that currently have real estate leases, BSC Finance managers along with the Office of the State Comptroller (OSC), the Attorney General's Office (AG), OGS Real Estate Planning and Development, OGS Legal Services, and OGS Internal Audit collaborated on an effort to streamline monthly lease payments.

As a result of these efforts, the BSC is taking the following actions on behalf of our customer agencies:

- Maintaining a master list of all active leases;
- Working with tenant agencies to ensure purchase orders are in place for each lease;
- Automatically paying fixed lease amounts (i.e. base rent), as defined in the lease, without an invoice or agency approval (both the AG and OSC have approved this process), beginning on December 1, 2013;
- Continuing the current process for non-fixed lease amounts. Before payment is made for these variable lease costs, the landlord would need to send an invoice and have it approved by our customer agency (via VisiFlow); and
- Providing the OGS Internal Audit group with documentation to ensure audits are conducted as necessary.

We ask our customer agencies take the following actions moving forward:

- Review the attached document, "Lease Payment Process" and share with staff involved with lease management;
- Contact the BSC with any concerns on any variable lease costs;
- Contact OGS Real Estate Planning and Development to discuss any concerns regarding the lease space, or if you do not think the base rent should be paid in a given month.

We expect that this process will yield benefits for all stakeholders, including our customer agencies, landlords/vendors, OGS Real Estate Planning and Development and the BSC.

Your continued partnership and patience is appreciated as we work to refine our processes and implement changes to serve you better. If you have any questions or concerns regarding these procedures, please contact the BSC Finance Office at 518-457-4272.

Email: bsc@ogs.ny.gov
Website: <https://bsc.ogs.ny.gov>

Tel: 518-457-4272

BSC Accounts Payable Mailing Address:
BSC Accounts Payable
800 North Pearl St., Albany, NY 12242

Lease Payment Process

At the start/renewal of a new lease contract:

Agencies will:

- Follow their normal process for recording the lease contract information in SFS.
- Enter a requisition in SFS for the full amount to be paid during the current fiscal year.

The BSC will:

- Receive a copy of the commencement letter from OGS Real Estate Planning and Development.
- Update a master lease payment schedule for the life of the lease contract reflecting the fixed rent amounts to be paid each month (including any bumps/escalations) based on commencement letter (and lease information if required).
- Verify that the requisition amount corresponds to the master lease schedule.
- Generate the PO for the lease (after resolution of any outstanding issues with agencies).
- Schedule payments.

NOTE: Vendors/landlords will no longer have to send invoices for fixed rent amounts (although landlords will still need to send invoices during the year for variable lease costs).

At the start of each fiscal year:

Agencies will:

- Allocate funds in SFS once the State budget is approved. Allocation should include 100% of actual fixed rent amounts and 100% of estimated amounts for variable lease costs.
- Enter a requisition in SFS for the full amount to be paid during the current fiscal year.

The BSC will:

- Verify the requisition amount corresponds to the master lease schedule.
- Resolve any issues with the agency.
- Generate the PO for the lease.
- Assign a point person to ensure funds are being allocated, requisitions are submitted and the process is running smoothly during the year.
 - If federal funds are involved, the BSC point person will ensure the above process is executed at the start of the federal fiscal year.

During the fiscal year:

The BSC will:

- Automatically pay any fixed rent amount by entering a transaction into SFS around the 22nd of the month (to pay the next month's rent due on the 1st of the month).
 - Landlords do not need to submit invoices.
 - Agencies will not be required to give approval.
- Receive invoices for variable lease costs directly from landlords and then scan invoices in VisiFlow for agencies to review and approve.

Agencies will:

- Contact the OGS Internal Audit Unit with any concerns on variable lease cost payments
 - Agencies can email the invoice from VisiFlow to the OGS Internal Audit Unit for review at leaseaudit@ogs.ny.gov.
 - The agency needs to note in VisiFlow that the invoice is being audited.
 - Once the audit is complete, the agency approves payment of the correct amount in VisiFlow and provides BSC Accounts Payable Unit with any supporting documentation if the amount has been changed from the original invoice.
- Contact OGS Real Estate Planning and Development to discuss any concerns regarding the lease space, or payment of a fixed rent amount for a given month.
 - Once OGS Real Estate Planning and Development, OGS Internal Audit, and the agency agree on the remediation with the landlord, OGS Real Estate Planning and Development and OGS Internal Audit will copy the BSC Accounts Payable Unit on the remediation plan, including adjustments to any future fixed rent payments.

For holdovers and extensions:

- OGS Real Estate Planning and Development will copy BSC Contract PO Unit on all correspondence to all agencies regarding holdovers and extensions.
- BSC Contract PO Unit will ensure updates have been made to SFS to enable smooth processing of future lease payments.

In addition:

- During the year, BSC Finance will track the status of lease contracts and funding and trigger an alert to either the agency or OGS as appropriate to address issues that may affect future payments, including:
 - Lease contract is set to expire within 60 days
 - Funds currently encumbered are insufficient to cover future months' rent payments