

## INTERNAL CONTROL MATTERS

March 13, 2019

To Board of Directors  
New Rochelle Industrial Development Agency

We have completed our audit of the financial statements of the New Rochelle - Industrial Development Agency (the Agency) for the year ended December 31, 2018 and have issued our report thereon, dated March 13, 2019.

In planning and performing our audit of the financial statements of New Rochelle Industrial Development Agency for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered New Rochelle Industrial Development Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

The financial statements and required report include all required communications regarding internal control. During our audit, we became aware of other matters that present opportunities for the organization to improve and we are presenting them here for your consideration.

### **Current year findings**

#### *Compliance with Public Authorities Accountability Act*

Observation: The Agency is considered a public authority as defined by New York State; therefore, management is responsible for ensuring compliance with the Public Authorities Accountability Act (PAAA).

During the audit, it was noted that the following PAAA requirements were not adhered to;

*Section 2825(3), Public Authorities Law. Only a political subdivision that is required to adopt a financial disclosure policy under Article 18 of the General Municipal Law is required to establish and follow a financial disclosure policy under the Public Authorities Accountability Act. Article 18 applies to a county, city, town or village with a population of 50,000 or more. These political subdivisions are to adopt a local law, ordinance or resolution setting forth the form of financial disclosure required and identifying the positions and offices to which this disclosure requirement applies. For purposes of financial disclosure, members, officers and employees of a local public authority are considered to be employees of the political subdivision. Public authorities established to benefit a political subdivision with a population of 50,000 or less are exempt from the requirements of Article 18, although such a political subdivision may voluntarily adopt a financial disclosure policy.*

*Compliance with Public Authorities Accountability Act (continued)*  
**Current year findings (continued)**

During our testing, we noted that the Agency was unable to provide documentation of the required fiduciary disclosure statement for one board member.

We recommend that the Agency continue to review their compliance with the requirements of the PAAA and monitor adherence to each requirement throughout the year.

**Findings reported in the previous year audit**

*Compliance with Public Authorities Accountability Act*

Observation: The Agency is considered a public authority as defined by New York State; therefore, management is responsible for ensuring compliance with the Public Authorities Accountability Act (PAAA).

During the audit, it was noted that the following PAAA requirements were not adhered to;

*Section 18 of the Public Authorities Accountability Act, requires directors to “participate in State approved training regarding their legal, fiduciary, financial and ethical responsibilities as board members of an authority within one year of appointment to a board.” It also requires board members to “participate in such continuing training as may be required to remain informed of best practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of public authorities and to adhere to the highest standards of responsible governance.”*

During our testing, we noted that the Agency was unable to provide documentation of the required training for three board members.

**Status at December 31, 2018**

During our testing in the current year, we noted that all required trainings were current.  
**Accordingly, we consider this matter resolved.**

Public authorities are required to create a website and post various documents such as the mission statement, investment policy, annual investment report, By-laws, etc. to the web site for public access.

We noted the following item was not in compliance with the requirements noted above relating to the Agency’s website;

PAAA requires that board minutes be posted within 14 days of the meeting.

During our testing, we noted that minutes were not filed in compliance with this requirement. Beginning in Fall 2017, the Agency began posting its minutes within the 14-day requirement. As of the date of this letter, the most recent posted minutes were January 31, 2018.

*Compliance with Public Authorities Accountability Act (continued)*  
**Findings reported in the previous year audit (continued)**

We recommend that the Agency review the Authorities Budget Office website to become familiar with the compliance requirements of the PAAA and obtain guidance and examples of the various documents that are required to be made accessible to the public via a website.

**Status at December 31, 2018**

During our testing in the current year, we noted that the website was updated and all required postings were in compliance and timely updated. **Accordingly, we consider this matter resolved.**

*Monitoring of Bank Reconciliation Process*

During our audit of the procedures relating to the Agency's bank reconciliations, we noted that the reconciliations are not reviewed by a second party.

We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by a designated Board member(s) or other party. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and followed up on, and any adjustments deemed necessary as a result should be recorded.

**Status at December 31, 2018**

During our testing in the current year, we noted that the Agency has updated its procedures to include a review of bank reconciliations and that all reviews were performed timely. **Accordingly, we consider this matter resolved.**

This communication is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the cooperation and the professional conduct of the business office personnel and thank all of the Agency's personnel for the courtesy received during the course of our audit. Should you have any questions regarding the matters presented, we shall be pleased to discuss them at your convenience.

Very truly yours,

BONADIO & CO., LLP