

# City of Albany Industrial Development Agency

21 Lodge Street  
Albany, New York 12207  
Telephone: (518) 434-2532  
Fax: (518) 434-9846

Tracy Metzger, *Chair*  
Susan Pado, *Vice Chair*  
Darius Shahinfar, *Treasurer*  
Lee Eck, *Secretary*  
Dominick Calsolaro  
Robert Schofield  
L. Lloyd Stewart

Sarah Reginelli, *Chief Executive Officer*  
Mark Opalka, *Chief Financial Officer*  
Marisa Franchini, *Agency Counsel*

To: Susan Pado  
Darius Shahinfar  
Dominick Calsolaro

Cc: Robert Schofield  
Tracy Metzger  
Lee Eck  
L. Lloyd Stewart

Sarah Reginelli  
Mark Opalka  
Marisa Franchini  
Joe Scott  
Andy Corcione  
Virginia Rawlins  
Tom Conoscenti

Date: October 9, 2020

## IDA AUDIT COMMITTEE AGENDA

A meeting of the Audit Committee of the City of Albany Industrial Development Agency will be held on **Wednesday, October 14<sup>th</sup> at 11:00 AM** at 21 Lodge Street, Albany, NY 12207 and conducted telephonically pursuant to Executive Order No. 202.1 issued by the New York State Governor's Office.

### **Roll Call, Reading and Approval of the Audit Committee Meeting Minutes of March 9, 2020**

#### **Unfinished Business**

#### **New Business**

- A. Teal, Becker and Chiaramonte CPA's – 2020 Audit Engagement Letter
- B. Review Adequacy of Audit Committee Charter
- C. Review Audit Committee 2020 Performance

#### **Other Business**

#### **Adjournment**

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Robert Schofield  
Jahkeen Hoke

Sarah Reginelli, *Chief Executive Officer*  
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Marisa Franchini, *Agency Counsel*

## IDA MINUTES OF AUDIT COMMITTEE MEETING Monday, March 9, 2020

Attending: Susan Pedo, Darius Shahinfar, Dominick Calsolaro

Also Present: Lee Eck, Sarah Reginelli, Mark Opalka, Joe Scott, Andy Corcione, Virginia Rawlins, Tammie Fanfa, Emily Silengo, and Nathan Pannucci

Chair Susan Pedo called to order the City of Albany IDA Audit Committee meeting at 10:30 a.m.

### **Roll Call, Reading and Approval of Minutes of the October 15, 2019 Committee Meeting**

Audit Committee Chair Susan Pedo reported that all Committee members were present. Since the minutes of the previous meeting had been distributed to Committee members in advance for review, Chair Susan Pedo made a proposal to dispense with the reading of the minutes. Chair Susan Pedo made a proposal to approve the minutes of the October 15, 2019 Audit Committee meeting as presented. A motion to accept the minutes, as presented, was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the minutes were accepted unanimously.

### **Unfinished Business**

#### Teal, Becker and Chiaramonte CPA's – 2019 Audit Engagement Letter

Nathan Pannucci and Emily Silengo were present from Teal, Becker and Chiaramonte. Ms. Silengo reviewed in detail with the Committee the draft 2019 audited financial statements and informed the Committee that their team had no difficulties conducting the audit, giving credit to management and staff's adherence to the reporting process. Ms. Silengo informed the Committee that the audit did not find any external weaknesses and a clean opinion will be issued. Ms. Silengo informed the Committee of GAAP updates.

A motion to move the 2019 audited financial statements to the next Board meeting was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the motion passed unanimously with all members voting aye.

#### Review of Draft 2019 Annual Report

Staff reviewed the Draft 2019 Annual Report with the Committee. Staff advised the Board that to-date 64 out of the 67 projects had submitted their required annual reporting forms, however additional completed forms were expected by the PARIS deadline to submit of March 31, 2020. The Committee discussed the job creation/retention reports of active projects with specific attention to under-performing projects. While the full Report, including reporting on all active projects, had been distributed to the Committee and Board previously, the Committee reviewed each of the 26 projects reporting job creation below 80 percent of their goals individually. Staff reported that 18 of these projects were still under

construction, and therefore were expected to be under their goals. Staff reviewed with the Committee the specific details for each project that had underreported jobs figures. Staff noted none of the 26 projects under-reporting jobs are subject to the Agency's recapture provision. The Committee discussed each provided rationale for underreporting and noted that they were reasonable. Staff will continue the verification process up to the March 31 deadline. Staff reviewed the status of active projects reporting overruns on sales tax exemptions.

A motion to move the 2019 Annual Report to the full Board with a favorable recommendation, subject to any additional updates to the draft, was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the motion passed unanimously.

#### Review of Draft 2019 Procurement Report

Staff reviewed the Draft 2019 Procurement Report with the Committee. A motion to move the 2019 Procurement Report to the full Board with a favorable recommendation, subject to any necessary changes made to the draft, was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the motion passed unanimously with all members voting aye.

#### Review of Draft 2019 Investment Report

Staff reviewed the Draft 2019 Investment Report with the Committee. A motion to move the 2019 investment report to the full Board with a favorable recommendation, subject to any necessary changes made to the draft, was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the motion passed unanimously with all members voting aye.

#### Review of Management Assessment of Internal Controls and Performance Measures Report

Staff reviewed the Draft 2019 Management Assessment of Internal Controls with the Committee. A motion to move the 2019 Management Assessment of Internal Controls to the full Board with a favorable recommendation, subject to any necessary changes made to the draft, was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the motion passed unanimously with all members voting aye.

Staff reviewed the 2019 Performance Measurements with the Committee. No action was needed or taken for this item.

#### **Other Business**

None

There being no further business, Chair Susan Pedo adjourned the meeting at 3:24 p.m.

Respectfully submitted,

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Lee Eck, Secretary



October 1, 2020

To The Board of Directors  
City of Albany Industrial Development Agency,  
a Component Unit of the City of Albany  
21 Lodge Street  
Albany, NY 12207

The following represents our understanding of the services Teal, Becker and Chiaramonte, CPAs, P.C. (the Firm) will provide the City of Albany Industrial Development Agency, a Component Unit of the City of Albany (the Agency).

You have requested that the Firm audit the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Agency, as of December 31, 2020, and for the year then ended and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit applicable to those basic financial statements.

Accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (the GASB) require that the Management's Discussion and Analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. The RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis (MD&A)
- Schedule of Revenues and Expenses - Budget (Non-GAAP Basis) and Actual

### Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*, and/or any state or regulatory audit requirements.

In making our risk assessments, we consider internal control relevant to the Agency's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Compliance with Laws and Regulations**

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Agency's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Management Responsibilities**

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;

- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- c. To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the Agency from whom we determine it necessary to obtain audit evidence.
- d. For including the auditors' report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the Agency's auditor;
- e. For identifying and ensuring that the Agency complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole;
- g. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- h. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- i. For informing us of any known or suspected fraud affecting the Agency involving management, employees with a significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and those charged with governance, written confirmation concerning representations made to us in connection with the audit.

With respect to any nonattest service we will perform the following:

- Financial Statement Preparation

With respect to the nonattest service listed above we agree to perform the following at the end of the year:

- Propose adjusting or correcting journal entries to be reviewed and approved by the Agency's management.

We will not assume management responsibilities on behalf of the Agency. However, we will provide advice and recommendations to assist management of the Agency in performing its responsibilities.

The Agency's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the service; (c) evaluating the adequacy of the service performed; (d) evaluating and accepting responsibility for the results of the service performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the service in accordance with applicable professional standards.
- This engagement is limited to the previously noted nonattest service above. Our Firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account codings and approving journal entries.

## Reporting

We will issue a written report upon completion of our audit of the Agency's basic financial statements. Our report will be addressed to the governing body of the Agency. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.



## **Other**

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information. In addition to fax and email, many firms also send data over the internet using other methods (such as portals) and may store electronic data via software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds.

Notwithstanding anything contained herein both the Firm and the Agency agree that regardless of where the Agency is domiciled and regardless of where this Agreement is physically signed, this Agreement shall have been deemed to have been entered into at the Firm's office located in the county of Albany, State of New York, USA and the county of Albany, State of New York, USA shall have the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the Laws of the State of New York.

The Firm's liability relating to the performance of the services rendered under this letter is limited solely to direct damage sustained by you. In no event shall the Firm be liable for the consequential, special, incidental, or punitive loss, damage or expense caused to you or to any third party (including without limitation, lost profits, opportunity costs, etc.). Notwithstanding the foregoing, our maximum liability relating to services rendered under this letter (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fees received by us for this engagement. The provisions set forth in this paragraph shall survive the completion of the engagement.

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the county of Albany, New York, by the American Arbitration Association, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to the laws of the State of New York. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.



You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such services, our services will continue to be governed by the terms of this engagement letter.

### **Provisions of Engagement Administration, Timing and Fees**

Katharine K. Doran, CPA is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Teal, Becker & Chiaramonte, CPAs, P.C.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit reports.

Our fees for these services for the year ending December 31, 2020 will be \$7,200, plus out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audits. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. Interim billings will be submitted as work progresses and as expenses are incurred and are due and payable upon presentation of our invoices. A final bill will be provided at the conclusion of our services and payment is due upon presentation. Interest at the rate of 1.5% per month will be charged on all late payments forty five (45) days past due. In the event that your account is turned over to an attorney for collection, you agree to pay all costs of collection including, attorney's fees, costs and disbursements.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

It is our policy to keep records related to this engagement for seven years, after which time the Firm will commence the process of destroying the contents of the engagement files. In providing services under this agreement, we will not be the sole host or custodian of your original records. These records will be returned to you promptly upon the completion of the engagement along with a copy of the financial statements. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies. The balance of the Firm's engagement file is the Firm's property, and we will provide copies of such documents at our discretion, if compensated for any time and costs associated with the effort, unless required by law.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the Agency's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;

- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Teal, Becker & Chiaramonte, CPAs, P.C. and constitutes confidential information. However, we may be requested to make certain audit documentation available by law or regulation, or to peer reviewers. If requested, such access to audit documentation will be provided under the supervision of Teal, Becker & Chiaramonte, CPAs, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation. We will mark all information as confidential and maintain control over the duplication of such information.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the enclosed copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Very truly yours,

**TEAL, BECKER & CHIARAMONTE, CPAs, P.C.**

A handwritten signature in cursive script that reads "Teal, Becker & Chiaramonte, CPAs P.C.".

City of Albany Industrial Development Agency,  
a Component Unit of the City of Albany  
October 1, 2020  
Page 8 of 8

RESPONSE:

This letter correctly sets forth our understanding and Agreement and it is acknowledged and agreed to by an authorized representative of **City of Albany Industrial Development Agency, a Component Unit of the City of Albany** by:

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Number of bound copies of the financial statements needed: \_\_\_\_\_

Special mailing instructions for the bound copies of the financial statements: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Do you need an electronic copy of the financial statements? \_\_\_\_\_

NP/klb  
00118  
Enclosures

September 8, 2017

To the Shareholders of  
Teal, Becker & Chiaramonte, CPA's, P.C.  
And the Peer Review Committee of the  
New York State Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Teal, Becker & Chiaramonte, CPA's, P.C. (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

## **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weakness in its system of quality control, if any.

## **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

## **Required Selections and Considerations**

Engagements selected for review included an engagement performed under *Government Auditing Standards*, a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As part of our review, we consider reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

## **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Teal, Becker & Chiaramonte, CPA's, P.C. in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Teal, Becker & Chiaramonte, CPA's, P.C. has received a peer review rating of *pass*.

*Amato, Fox & Company, P.C.*  
Amato, Fox & Company, P.C.

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Tonawanda, New York 14150  
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## SCHEDULE H

### AUDIT COMMITTEE CHARTER

#### **Purpose**

Pursuant to the Agency's by-laws, the purpose of the Audit Committee shall be to (1) assure that the Agency's board fulfills its responsibilities for the Agency's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; and (2) provide an avenue of communication between management, the independent auditors, the internal auditors, and the board of directors.

#### **Powers of the Audit Committee**

It shall be the responsibility of the Audit Committee to:

Appoint, compensate, and oversee the work of any public accounting firm employed by the Agency.

Conduct or authorize investigations into any matters within its scope of responsibility.

Seek any information it requires from Agency employees, all of whom should be directed by the board to cooperate with committee requests.

Meet with Agency staff, independent auditors or outside counsel, as necessary.

Retain, at the Agency's expense, such outside counsel, experts and other advisors as the Audit Committee may deem appropriate.

The Agency board will ensure that the Audit Committee has sufficient resources to carry out its duties.

#### **Composition of Committee and Selection of Members**

The Audit Committee shall be established as set forth in and pursuant to the Agency's by-laws. The Audit Committee shall consist of at least three members of the board of directors who are independent of Agency operations. The Agency's board will appoint the Audit Committee members and the Audit Committee chair.

Audit committee members shall be prohibited from being an employee of the Agency or an immediate family member of an employee of the Agency. In addition, Audit Committee members shall not engage in any private business transactions with the Agency or receive compensation from any private entity that has material business relationships with the Agency, or be an immediate family member of an individual that engages in private business transactions with

the Agency or receives compensation from an entity that has material business relationships with the Agency.

Ideally, all members on the Audit Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing.

The Audit Committee shall have access to the services of at least *one financial expert*; whose name shall be disclosed in the annual report of the Agency.

The Audit Committee's financial expert should have (1) an understanding of generally accepted accounting principles and financial statements; (2) experience in preparing or auditing financial statements of comparable entities; (3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves; (4) experience with internal accounting controls and, (5) an understanding of Audit Committee functions.

### **Meetings**

The Audit Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter.

Members of the Audit Committee are expected to attend each committee meeting, in person or via videoconference. The Audit Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary. A majority of the committee members present or participating through videoconference shall constitute a quorum.

Meeting agendas will be prepared for every meeting and provided to the Audit Committee members along with briefing materials five (5) calendar days before the scheduled Audit Committee meeting. The Audit Committee will act only on the affirmative vote of a majority of the members at a meeting. Minutes of these meetings will be recorded.

The Audit Committee will meet with the Agency's independent auditor at least annually to discuss the financial statements of the Agency.

Minutes of the committee's meeting shall be prepared and filed in the records of the Agency and posted to the Agency's webpage.

Meetings of the committee are open to the public, and the committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice and the conduct of executive session.

## **Responsibilities**

The Audit Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) the Agency's internal auditors; (c) oversight of management's internal controls, compliance and risk assessment practices; (d) special investigations and whistleblower policies; and (e) miscellaneous issues related to the financial practices of the Agency.

### **A. Independent Auditors and Financial Statements**

The Audit Committee shall:

Appoint, compensate and oversee independent auditors retained by the Agency and pre-approve all audit services provided by the independent auditor.

Establish procedures for the engagement of the independent auditor to provide permitted audit services. The Agency's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit Committee. Non-audit services include tasks that directly support the Agency's operations, such as bookkeeping or other services related to the accounting records or financial statements of the Agency, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.

Review and approve the Agency's audited financial statements, associated management letter, report on internal controls and all other auditor communications.

Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Meet with the independent audit firm on a regular basis to discuss any significant issues that may have surfaced during the course of the audit.

Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

### **B. Internal Auditors**

The Agency may, in its absolute discretion and by resolution of the members, create and establish an internal audit procedure. In the event such an internal audit procedure is created, the Audit Committee shall:



Review with management and the internal audit director, the charter, activities, staffing and organizational structure of the internal audit function. The Audit Committee shall have authority over the appointment, dismissal, compensation and performance reviews of the internal audit director.

Ensure that the internal audit function is organizationally independent from Agency operations.

Review the reports of internal auditors, and have authority to review and approve the annual internal audit plan.

Review the results of internal audits and approve procedures for implementing accepted recommendations of the internal auditor.

### **C. Internal Controls, Compliance and Risk Assessment**

The Audit Committee shall:

Review management's assessment of the effectiveness of the Agency's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.

### **D. Special Investigations**

The Audit Committee shall:

Ensure that the Agency has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the directors, officers, or employees of the Agency or any persons having business dealings with the Agency or breaches of internal control.

Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.

Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation (for example, issues may be referred to the State Inspector General or, other investigatory organization.)

Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

### **E. Other Responsibilities of the Audit Committee**

The Audit Committee shall:

Present annually to the Agency's board a report of how it has discharged its duties and met its responsibilities as outlined in the charter.

Obtain any information and training needed to enhance the committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.

Review the committee's charter annually, reassess its adequacy, and recommend any proposed changes to the board of the Agency. The Audit Committee charter will be updated as applicable laws, regulations, accounting and auditing standards change.

Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.

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Lee Eck, *Secretary*  
Dominick Calsolaro  
Robert Schofield  
L. Lloyd Stewart

Sarah Reginelli, *Chief Executive Officer*  
Mark Opalka, *Chief Financial Officer*  
Marisa Franchini, *Agency Counsel*

## **CAIDA Audit Committee 2020 Self Evaluation**

### **1. Meetings**

- During 2020, the Audit Committee met twice. The charter requires the Committee to meet a minimum of two times per year, plus any additional meetings as needed.
- All meetings were properly noticed and open to the public as required, and all agendas, meeting materials and minutes were made available to the public in advance of each meeting on the agency's website.
- Meeting materials were provided to board members in advance of each meeting.
- Minutes of each meeting were regularly prepared, distributed to board members and posted on the agency's website.

### **2. 2020 Summary of Activities**

The following is a summary of the Audit Committee's activities and recommendations to the Board of Directors regarding agency operations during 2020.

Actions taken:

- Appointed and oversaw independent auditors retained by the Agency and pre-approved all audit services provided by the independent auditor.
- Established procedures for the engagement of the independent auditor to provide permitted audit services.
- Reviewed and approved the Agency's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
- Reviewed significant accounting and reporting issues, including complex or unusual transactions and management decisions, recent professional and regulatory pronouncements, and assessed their impact on the financial statements.
- Reviewed and discussed any significant risks reported in the independent audit findings and recommendations and assessed the responsiveness and timeliness of management's follow-up activities pertaining to the same.
- Reviewed management's assessment of the effectiveness of the Agency's internal controls and reviewed the report on internal controls by the independent auditor as a part of the financial audit engagement.
- Presented annually to the Agency's board a report of how it has discharged its duties and met its responsibilities as outlined in the charter.

- Reviewed the committee's charter annually, reassessed its adequacy, and recommended any proposed changes to the board of the Agency.
- Conducted a self-evaluation of Committee performance.

Other Activities:

- Reviewed the Agency's Annual Report, Procurement Report and Investment Report for FYE 2019.

**3. Compliance**

- During 2020, the Committee complied with NYS ABO and PAAA requirements.
- The Committee complied with its functions as regards Board reporting and regulatory compliance.