



**Minutes of the
Yonkers Industrial Development Agency
Audit Committee Meeting
October 15, 2010**

Present-Board Members

Cecile Singer, Chairperson
Michael Baratta, Member
Martin Ball, Sr., Member (telephonically)

Absent Members

None

Non-Members Present

Melvina Carter, Yonkers IDA CFO
Pat Serenson – Accountant
Charlie Mangiaracina – Partner of ODMD
Bill Rilley – Reporter with ODMD
Ernie Garcia – The Journal News

Roll Call

Cecile Singer, Chairperson called the Audit Committee Meeting to order at 8:32 a.m. Roll call was taken. The following Committee Members were noted to be present: Cecile Singer, Michael Baratta and Martin Ball, Sr., via telephone. A quorum was established for the conduct of business.

Approval of Minutes of March 22, 2010 Meeting

Chairperson Singer announced the first item on the agenda, which was the review and approval of the minutes of the March 22, 2010 meeting. Chairperson Singer identified numerous comments that needed correction. Melvina Carter noted the corrections and stated the Administrative Assistant would make the corrections and the minutes would be re-distributed to the committee members.

Chairperson Singer also commented that the Audit Committee should receive copies of any communications or anything that goes to O'Connor Davies and that occurs during the Audit Committee Meeting. Chairperson Singer also requested the letter regarding the dissolving of the entities. Melvina Carter advised that she would look into obtaining the letter.

A motion was made by Michael Baratta to approve the Minutes of March 22, 2010 as corrected. The motion was seconded by Martin Ball, Sr. **Approved 3-0**

Review and Discussion of Engagement Letter for External Auditing Services for 2010

Cecile Singer requested a review of the plan submitted and the engagement letter. Charles Mangiaracina of O'Connor Davies Munns Dobbins explained that they looked at the prior years and the history of the IDA as well as their knowledge of what has happened to the IDA and tailored the plan according to the organization. The plan takes you step by step to what auditors do when doing a risk based audit they have to get an understanding of the entity, assess the risk of material, develop an approach to the financial statement risks, design an audit program to address the risks, perform tests and at the end of the day the result is the ability to render an opinion to the agencies financial statements.

Mr. Mangiaracina continued that Phase I is the risk assessment phase. To update their understanding of how the IDA operated they will look at if any changes happened from the prior year and if there was anything new that may have developed. Mr. Mangiaracina also added that they will be doing inquiries with IDA personnel, observations, some preliminary analytical reviews, have meetings and discussions with management and review outside services. In addition, ODMD procedures will have to look at factors both internally and externally relevant to the IDA situation also developments or regulatory changes during the year to understand how the organization is structured and governed. It was indicated that from the process, ODMD would get an understanding of the management process of measurements and review of financial performance, whether or not agency performance is correct.

Mr. Mangiaracina added that they will then go through Community of Sponsoring Organizations (COSO) and pointed out on the chart triangle that it pertains to what auditors must go through in developing a risk approach and consists of inherent risk which is risk assessed out by its nature. Mr. Mangiaracina defined control risk which is risk that are with or without controls in place for organizations to monitor, detect and correct.

Chairperson Cecile Singer inquired if reputation risk is included; she explained that in corporate matters everyone looks at the ability to continue business and to do this regarding the IDA would be important because it would impede the ability to stay in business. The Committee was informed that ODMD does not factor reputation risk.

Bill Riley of O' Connor Davies Munns and Dobbins concluded that all the steps that Mr. Mangiaracina spoke about were reflected in the grid plan and that the end result would be the development of an audit program meeting all the risks that were assessed. Mr. Riley went through the areas based on prior experience and audits in the plan and advised that the steps that would be put in place were those such as tests, analytical review, internal control review and confirmations. ODMD would review and analyze projects, fixed assets, cash, accounts payable, bonds and payroll records along with other agency factors.

Mr. Mangiaracina addressed New York States attempt to assess taxes from all of the IDA's. Ms. Carter noted that the Yonkers IDA contested the tax bill immediately and eventually it was determined that the tax was improper.

Chairperson Singer stated that the economy is in a period of change and diminishing revenue has had an impact on the agency as a result there was a loss of two IDA employees, one was the finance administrator and going forward when performing audits it would have to be looked at with another view. CFO Carter advised that the workload has shifted, she has picked up the finance administrator's workload and Ellen Lynch IDA President/CEO has been performing the check and payroll approvals.

Mr. Mangiaracina advised that all of the new developments discussed will be done during ODMD field work and the result of it will be the reporting phase. Mr. Mangiaracina added since the agency is reporting under government auditing standards ODMD report will include a report on internal controls, compliance and other matters that are required in accordance with those standards as well as a management discussion analysis. Mr. Mangiaracina advised that the last piece of the reporting phase would include management letter type comments if during the audit they become aware of any items. This would be presented in first in draft form to management then ODMD auditors would meet and from there drafts would be presented post-audit to the Audit Committee to review.

Mr. Mangiaracina advised that the only change in the engagement letter was from one year to a two year letter. Michael Baratta commented that since there was a decrease in staff due to the economy there would be certain modifications as a result. Martin Ball, Sr. inquired about the numbers regarding the cash on hand. Pat Serenson IDA Accountant responded that the Austin Avenue account holds an estimated \$1.75 million and the IDA account holds an estimated \$400,000.

Chairperson Singer advised that everything was appropriate from the management point of view and in closing thanked Melvina Carter for being very helpful to the auditors and thanked the auditors.

Other Business

No other business was discussed at the meeting.

Adjournment A motion to adjourn was made at 9:02 a.m. by Michael Baratta and seconded Martin Ball, Sr. **Approved 3-0**