

CCIDA & AIDA Joint Audit Committee Meeting
Tuesday, November 24, 2015
2 State St, Auburn, NY 13021

Attendees: Frank DeRosa, Demetrius Murphy, Bob Byron, Jim Dacey (AIDA), Ray Lockwood (CCDIA)
Staff: Michelle Prego-Milewski, Tracy Verrier, Andrew Fish

The meeting began at 4:05 pm.

Ms. Verrier said that the meeting was called to discuss the potential of doing an internal audit for one or both boards.

Mr. DeRosa said that he was under the impression that AIDA was required to do one.

Ms. Verrier clarified that AIDA was required to do an internal audit based on their audit committee charter, but that CCIDA's audit committee charter did not include the internal audit section.

Mr. Dacey asked about the difference between the annual audit and an internal audit. Mr. DeRosa said that an internal audit can be more detailed or specific. For example, Buffington and Hoatland doesn't follow up on PILOTs, they're just responsible for making sure that the board was in compliance with laws and regulations. Mr. Dacey said that in the past AIDA had directed staff to conduct an internal audit as part of its annual reporting to the board.

Mr. DeRosa said that the IAA had asked that all public companies have internal audit committees because audits are just looking at the big picture, and internal audits are more in depth. He said he understands that no one wants to do an internal audit, and that the committee could outline and guide the process but get a student intern from CCC to do the time consuming legwork. Mr. Byron thought that was a practical way of doing it.

Mr. DeRosa said that there are a lot of things that he's not sure the board is doing.

Mr. Lockwood asked what the depth of the audit would be. Mr. DeRosa answered that it would only be on certain things; a limited scope that the board would choose.

Mr. Lockwood suggested that neither board duplicate what the auditors do.

Mr. Dacey asked what level of expertise the internal audit committee should have. Mr. DeRosa said that someone on the audit committee should be a CPA or have experience.

Mr. Dacey asked if using a student intern would satisfy the requirements of the internal audit. Mr. DeRosa said yes, it would. Mr. DeRosa said that now auditors have to ask the questions, but don't necessarily have to verify the answers. The intern would be used to verify that processes and procedures are being carried out accurately.

Ms. Verrier explained that herself, Mr. Fish and Bob Gauthier aren't able to participate in the audit because they are involved in the daily operations of the IDA. She agreed that it is good practice to have a third party review what the staff is doing and point out anything they are overlooking or not carrying out properly. She said it was important that the board know that the staff is working effectively. Ms. Verrier added that the auditors don't really look at policies, that policy compliance is covered in PARIS.

Mr. Dacey said that moving forward it would make sense to do both agencies at the same time. He said that the boards would need to put in a control for confidentiality and that one intern could do both, adding that the audit committees could develop questions on a three-year revolving time period. Even if the boards decided to focus on PILOTs, they would identify the ones that are problematic and work on those problems.

Mr. Dacey asked if the board had to request an audit. Ms. Verrier said that the audit committee charter doesn't require the board to request an internal audit.

Mr. Lockwood noted that the CCIDA board would have to approve the structure and any costs.

Ms. Verrier asked if staff should go back to the boards and see what costs they are comfortable with.

Mr. Lockwood said that costs would be the first discussion.

Mr. DeRosa said that an intern should be chosen for each semester audited, but that the whole point was to develop an audit system. He asked if the committee had to have accomplished something by the end of the year. Ms. Verrier answered that PARIS does not ask about an internal audit so there is not a time limit. Mr. Dacey said that time may be a problem and that most universities have internships lined up ahead of time. Ms. Verrier asked Mr. DeRosa to speak to his contact at the college.

Mr. Dacey said that the committees should make a good faith effort to start this process.

Mr. DeRosa said that it wouldn't take that long to get an intern, and suggested that the committees meet for an hour to put something together that would encompass low-hanging fruit.

Ms. Verrier suggested that the committees use the PARIS reports for guidelines when developing the audit plan.

Mr. DeRosa said that the touchy part will be to get additional documentation from PILOT recipients. Mr. Byron said that that part would be a stumbling point, but that's the whole point of an internal audit.

Mr. Dacey asked how often the board should be doing an internal audit. Mr. DeRosa said at least once per year. Mr. Dacey suggested that the board shift its focus for each audit.

Mr. Lockwood said that as the board applies its findings, it may force businesses to be a little more realistic when it comes to PILOTs.

The group agreed that Mr. DeRosa would speak to a contact at the college to see what an internship entails, and it would meet again after the New Year to start formulating a plan.

The meeting ended at 4:47 pm.