

BUFFALO FISCAL STABILITY AUTHORITY
Governance Committee
Meeting Minutes December 5, 2012

The following are the minutes from the meeting of the Governance Committee (the “Committee”) of the Buffalo Fiscal Stability Authority (the “BFSA”) held on Wednesday, December 5, 2012, in the Buffalo Market Arcade Complex. The meeting was called to order at 12:35 PM.

Committee Members Present: Arthur, Doherty, and Olsen

Additional Directors Present: Floss and Mesiah

Staff Present: Link, N. Miller, Mongold, and Tyler

Opening Remarks

Committee Chair Olsen opened the meeting. He stated the agenda as follows:

- a review of the BFSA Bylaws,
- a review of the draft 2013-2014 Minority & Women-Owned Business Enterprise (“MWBE”) Master Goal Plan,
- a review of the proposed 2013 BFSA Meeting Calendar, and
- the receipt of the final Internal Control Report from BFSA’s Internal Controls Officer.

Committee Chair Olsen called a roll of the Committee members. A quorum was present. The meeting commenced.

Approval of Minutes

Committee Chair Olsen introduced Committee Resolution No. 12-03, “Approving Minutes and Resolution from August 1, 2012.”

Secretary Arthur offered a motion to approve the resolution.

Director Doherty seconded the motion.

BUFFALO FISCAL STABILITY AUTHORITY
GOVERNANCE COMMITTEE RESOLUTION NO. 12-03
APPROVING MINUTES AND RESOLUTION FROM AUGUST 1, 2012

BE IT RESOLVED that the Buffalo Fiscal Stability Authority’s Governance Committee approves the minutes of its meeting on August 1, 2012.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority’s Governance Committee ratifies and affirms Resolution No. 12-02 that was approved on said date.

The Committee voted 3-0 to approve the resolution.

Annual Review of the Bylaws

Committee Chair Olsen advanced the agenda to the first item for consideration: a review of the BFSA's Bylaws. He asked BFSA Executive Director, Ms. Jeanette Mongold, to provide a summary of the materials.

Ms. Mongold began by stating that the New York State Authorities Budget Office ("NYSABO") requires the Board to review and approve its bylaws annually. The singular recommended change was minor and involved updating the language for consistency by changing the word "Corporation" to "Authority."

Chair Olsen requested a motion to accept the revision and to send the revised bylaws to the full Board with a recommendation for approval.

Secretary Arthur offered a motion to accept the revision and to send the revised bylaws to the full Board with a recommendation for approval.

Director Doherty seconded the motion.

The Committee voted 3-0 to accept the revision and to send the revised bylaws to the full Board with a recommendation for approval.

2013-2014 MWBE Master Goal Plan

Ms. Mongold summarized the next item for consideration: a review of the draft 2013-14 MWBE Master Goal Plan. The MWBE Master Goal Plan is a requirement that must be filed with the State of New York by January 15, 2013. Governor Cuomo has issued a directive for covered State entities to have a minimum of 20% of all expenditures, excluding exempt and excluded contracts and expenditures, directed to State-certified MWBEs. BFSA's Master Goal Plan specifies that a minimum of 10% of qualified expenditures be directed at minority-owned business enterprises and a minimum of 10% directed at woman-owned business enterprises.

BFSA has exceeded the 2012-13 goals to date with 23% of qualified expenditures placed with NYS-certified MWBEs.

Chair Olsen asked if the New York State list of certified MWBEs was currently utilized by BFSA for procurement. There is a derivation between those business enterprises certified locally and by the State.

Ms. Mongold affirmed that the New York State certified list was utilized. New York State Empire State Development is working to help those who are certified locally but not by the State to attain the required certification.

Chair Olsen asked Ms. Mongold to send an additional request for the lists to be combined expeditiously to help local businesses and maximize compliance by the BFSA. A comprehensive list will be helpful for the City of Buffalo and the Covered Organizations.

Chair Olsen requested a motion to accept the draft 2013-2014 MWBE Master Goal Plan and to send it to the full Board with a recommendation for approval.

Secretary Arthur offered a motion to accept the draft 2013-2014 MWBE Master Goal Plan and to send it to the full Board with a recommendation for approval.

Director Doherty seconded the motion.

The Committee voted 3-0 to accept the draft 2013-2014 MWBE Master Goal Plan and to send it to the full Board with a recommendation for approval.

2013 BFSA Meeting Calendar

Ms. Mongold summarized the next item for consideration: a review of the draft 2013 BFSA Meeting Calendar. BFSA's proposed 2013 Meeting Calendar had been revised to include an additional meeting scheduled for May 15, 2013.

Committee Chair Olsen requested a motion to accept the draft 2013 Meeting Calendar and to send it to the full Board with a recommendation for approval.

Secretary Arthur offered a motion to accept the draft 2013 Meeting Calendar and to send it to the full Board with a recommendation for approval.

Director Doherty seconded the motion.

The Committee voted 3-0 to accept the draft 2013 Meeting Calendar and to send it to the full Board with a recommendation for approval.

Final Internal Control Review

Committee Chair Olsen advanced the agenda to the next item for consideration: the remaining annual report to the Committee from the Internal Controls Officer regarding 2012 internal controls testing and its related findings. The Internal Controls Officer is a statutorily required position. BFSA Principal Analyst Bryce Link is the appointed Internal Controls Officer. He asked Mr. Link to summarize his findings.

Mr. Link stated that the presentation was the final piece of the 2011-12 report and was a wrap up of the fiscal year 2011-2012 testing. The internal control testing was completed aside from the exit interview and discussion of the findings with the Executive Director. The areas included in the final internal control testing included:

- **The Personnel Hiring Process**

The testing this year yielded no material findings. The previous personnel review noted there were weaknesses, such as staff shortages, which required the reassignment of certain responsibilities. The BFSA addressed those weaknesses by taking the following steps:

- defining staff positions that were needed,
- establishing a process for candidate selection; and
- executing the interview process.

- **Training**

All staff members are encouraged to participate in training that is accessible through the New York State Government Finance Officers Association, the New York State Comptroller's Office, and non-government entities.

Staff members who are Certified Public Accountants are required to maintain a minimum of 40 Continuing Professional Education credit hours annually. Staff members are encouraged to remain current in areas of government finance, such as recent Governmental Accounting Standards Board statements, as well as any New York State matters.

- **Employee Evaluations**

A written annual evaluation was not completed in the 2011-12 fiscal year, due to timing matters. There was a mutual agreement of direct feedback as a result of the remaining staff members working closely together. All staff members receive an annual performance evaluation that is communicated to them from the Executive Director.

- **Opportunities to Commit Fraudulent Activity**

The opportunity to commit fraud within payroll is limited. A common occurrence of fraud within businesses often entails the addition of a "phantom" employee. With a staff of five and the other internal controls in place over payroll functions, this risk is remote. There were no material findings resulting from internal control testing over payroll.

In addition to this testing, a spot update of the BFSAs payroll transactions from August through November was conducted. The sampling allowed for a review of the payroll transactions, comparing them to the bank transfers versus the payroll registry. No anomalies were identified; any variations included supporting documentation.

In addition to the internal control testing, an in-house training session for the staff was held this fiscal year related to best practices in cyber security.

Mr. Link concluded his presentation.

Committee Chair Olsen asked if there were any questions. Hearing none, he requested a motion to accept and file the Internal Controls Report.

Secretary Arthur offered a motion to accept and file the Internal Controls Report.

Director Doherty seconded the motion.

The Committee voted 3-0 to accept and file the Internal Controls Report.

Adjournment

Committee Chair Olsen asked for a motion to adjourn the Governance Committee.

Secretary Arthur offered a motion to adjourn the Governance Committee meeting.

Director Doherty seconded the motion.

The Committee voted 3-0 to adjourn the Governance Committee meeting.

The Committee adjourned at 12:49 PM.