

BUFFALO FISCAL STABILITY AUTHORITY
Audit, Finance and Budget Committee Meeting Minutes
April 4, 2018

The following are the minutes from the meeting of the Audit, Finance, and Budget Committee (the “Committee”) of the Buffalo Fiscal Stability Authority (the “BFSA”) held on April 4, 2018, in the first-floor conference room of the Buffalo Market Arcade Complex. The meeting was called to order at 12:32 PM.

Committee Members Present

Committee Chair R. Nils Olsen, Jr.
Director Frederick G. Floss

Additional Directors Present

Secretary George K. Arthur

Committee Member Excused

Director Frank B. Mesiah

Staff Present

Executive Director Jeanette M. Robe
Administrative Assistant Nikita M. Fortune
Principal Analyst/Media Liaison Bryce E. Link
Senior Analyst II/Manager of Technology Nathan D. Miller

Opening Remarks

Chair Olsen welcomed the attendees to the meeting of the Audit, Finance and Budget Committee of the BFSA and called the roll of members. Finding a quorum present, the meeting commenced.

Approval of Minutes

Chair Olsen introduced AFB Resolution No. 18-01: “Approval of September 25, 2017, Meeting Minutes,” and asked for a motion to approve.

Director Floss offered a motion to approve the resolution.

Chair Olsen seconded the motion.

The Committee voted 2-0 to approve AFB Resolution No. 18-01.

BFSA 2018-19 Preliminary Budget and 2019-2022 Financial Plan

Chair Olsen introduced the BFSA’s fiscal year (“FY”) 2018-19 Preliminary Budget (the “Preliminary Budget”) and FY 2019-2022 Financial Plan (the “Financial Plan”) as well as an accompanying draft resolution to authorize the posting of the documents for public review. The document is to be posted on the BFSA’s website and provided to all City of Buffalo (“City”) public libraries for the public to review. The purpose is for the document to be made as accessible as possible. Any public comments received will be made available to the Audit,

Finance and Budget Committee. The Preliminary Budget has been prepared by the BFSA staff. Hearing no comments from the Directors, Chair Olsen stated any comments received by Directors in the coming weeks should be forwarded to Executive Director Jeanette M. Robe who will forward the comments to the Directors and update the budget as necessary. Approval of the budget will be required at the June Board meeting. Chair Olsen then asked for a motion to post the BFSA 2018-19 Preliminary Budget and 2019-2022 Financial Plan on the BFSA website and in the City's public libraries, AFB Resolution No. 18-02.

Director Floss made a motion to approve AFB Resolution No. 18-02.

Chair Olsen seconded the motion.

The Committee voted 2 to 0 to approve AFB Resolution No. 18-02.

Approval of BFSA Audit Engagement

Chair Olsen announced the next item of business: approval of Lumsden & McCormick, LLP, as auditors for the BFSA for the current fiscal year ending June 30, 2018. He noted Lumsden & McCormick have provided excellent service over the past several years and had essentially maintained the proposed audit fee with a minor increase of \$300. The firm was originally contracted following a request for proposal.

Chair Olsen introduced AFB Resolution No. 18-03: "Approve Engagement of Lumsden & McCormick, LLP as Independent Auditor of the BFSA for the Fiscal Year Ended June 30, 2018," and called for a motion to approve.

Director Floss offered a motion to approve.

Chair Olsen seconded the motion.

Director Floss asked if this is the year the partner on the audit is rotated. Ms. Robe stated audit partner rotation will occur in two years.

The Committee voted 2-0 to approve AFB Resolution No. 18-03.

Review of the BFSA 2018 Internal Control Review

Chair Olsen advanced the agenda to the BFSA 2018 internal controls review. The annual reporting for the 2018 internal controls review is performed by the appointed Internal Controls Officer, the appointment of which is a statutory requirement. Mr. Bryce Link, BFSA Principal Analyst/Media Liaison, serves in this capacity. The purpose of the internal controls review is to ensure that the established processes are adhered to. The BFSA has a staff of five employees. There is oversight of all transactions and the segregation of duties ensures that proper controls are in place.

The areas tested were:

- payroll recording and processing: 13 sample transactions were reviewed over 18 months; and
- hiring, training, and evaluation: on-boarding, candidate review, exit process, and professional development opportunities were reviewed. All employees are required to annually file a Code of Ethics.

In addition, the following processes were reviewed:

- appropriate segregation of duties; and
- looking for potential areas where fraud could occur undetected.

Findings:

- no material findings; and
- adequate segregation of duties limits the prospect of fraud without the collusion of two to three staff members

Director George K. Arthur entered the meeting at 12:39 PM.

Chair Olsen thanked Mr. Link for the presentation and hearing no questions advanced the agenda.

Adjournment

Chair Olsen asked if there was any additional business to be considered by the Committee. Hearing none, he asked for a motion to adjourn.

Director Floss offered a motion to adjourn.

Chair Olsen seconded the motion.

The Committee voted 2-0 to adjourn the meeting.

The Committee adjourned at 12:42 PM.