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| | <i>will allow the Agency to summarize a customer's account to determine how much that customer has purchased that day and for that year.</i> | |
| | <i>We would also like to suggest the Agency implements a periodic internal review of the aforementioned suggested documenting procedures. This review process could potentially be done by the Director of Sustainability and/or the Agency Controller.</i> | This review process would help insure all suggested or approved steps are being completed and documented throughout the composting process by someone that is not directly involved in the day to day compost production. |

In addition to the review of the composting process above, we were provided an annual summary of the compost dumping fee revenues generated for the January 1, 2020 through December 31, 2020 year and the January 1, 2021 through September 30, 2021 nine month period. We haphazardly selected a sample of 20 receipts from each period and noted the ticket number, the date of the sale, the billing unit, the tons sold, price charged per ton and the total amount charged to each customer.

For each item selected, the receipt ticket was pulled and the ticket number and amount charged were reviewed to ensure they agreed to the dumping fee revenue reports. In addition, the charges reported were recalculated by multiplying the total tons sold by the dump fee charge. **These 40 transactions were reviewed without any exceptions.**

In summation of the testing on the composting area above, we believe the highest risk to the Agency would be misappropriation of the composting materials created either by employee or customer theft or collusion between multiple employees and a customer. We feel the lack of an inventorying of the compost throughout the process does not allow the Agency to accurately track the amount of material generated and therefore does not allow them to accurately account for the amount of material sold. It is our belief that weighing and documenting the weight of the material through the entire composting process will provide the Agency with a working inventory balance that can be tracked and monitored. Implementation of the suggested procedures above will not only provide management with a tool for tracking the material but also provide a deterrent for misappropriation as the employees are aware the materials have been accounted for and documented. The creation of the customer tracking report will allow the Agency to ensure no customer has either purchased material above the authorized amount at each purchase, each day and during the calendar year.

Authorities Budget Office (ABO) Policy Guidance

The objective of this review was to determine if the Agency was complying with each of the 19 Policy Guidelines that have been adopted by the New York State Authorities Budget Office. Each of these 19 guidelines were provided to the Agency with specific questions on if the Agency was in compliance with each and what controls are in place and or documentation is maintained to ensure compliance. Each of the responses provided were reviewed by our team and additional supporting documentation was reviewed to ensure the accuracy of those responses as deemed necessary.

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| | <p>6) How does the agency ensure that each Director is informed and has a basic understanding of the primary business function and mission of the agency?</p> <p>7) How do those responsible for making appointments to board of the agency determine that the individual they are appointing is a knowledgeable and conscientious individual who has a commitment to serve and a willingness to exercise management oversight, and who has demonstrated intellectual independence to carry out the mission of the authority consistent with the public policy objectives of the State?</p> <p>8) How does the Board ensure that the appropriate governance culture, philosophy and commitment to performance throughout the public authority has been established?</p> | <p>6) During the current year, Agency board members and management/staff recognized a weakness in this area and has developed a new board member onboarding checklist. This checklist recently passed through the Governance Committee and will be reviewed/approved by the full Board of Directors.</p> <p>7) Board members are appointed by the Ulster County Legislative Chair with approval needed from the full Legislature. Potential board members submit an application via the Ulster County Legislature’s website. They are then interviewed by the Energy & Environment Committee, who make their recommendation for appointment to the Legislative Chair. It is expected that personal and political agendas are not taken into consideration during this process.</p> <p>8) The Board of Directors contracts with the Executive Director and the Director of Operations and Compliance. As part of those contracts, annual reviews are completed that demonstrate proper oversight from the Board. Inquiries as to satisfactory performance by the executive management team are made at monthly board meetings and committee meetings.</p> | <p>number 4 above, <i>We are suggesting a control procedure to ensure all required forms are completed and kept on file.</i></p> <p>6) We viewed the newly created checklists that have been approved by the Governance Committee. <i>This will be monitored going forward to ensure the Agency complies with this requirement.</i></p> <p>7) <i>No suggested changes.</i></p> <p>8)We requested to see the annual management reviews that were completed for the Executive Director and the Director of Safety and Operations. The Agency was only able to provide the review that was completed by the Executive Director for the Director of Safety and Operations for the past two years. There was nothing on file for the Boards annual review of the Executive Director. <i>We are suggesting this is completed each year and is kept on file as required.</i></p> |
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| | <p>9) How does the Board ensure that executive management is carrying out those policies, making day-to-day operating decisions and keeping the Board informed with sufficient information of its actions, issues of concern, potential risks, and liabilities, so that the Board can make intelligent decisions?</p> | <p>9) The Board of Directors have unlimited access to the executive management team on a day to day basis. Communication is maintained between monthly meetings and any applicable documentation is forwarded to the board as necessary.</p> | <p>9)<i>No suggested changes.</i></p> |
| <p>No. 07-01 Independence of Board Members</p> | <p>1) How does the Agency or Board self-monitor to ensure no member is in violation of the independence guidelines?</p> <p>2) How are the Board members monitored to ensure they do not lack independence when it comes to business dealings between the Board member and the Agency?</p> | <p>1) The Agency and its Board is currently not documenting and insuring proper board independence. This is an area that can be improved upon, either at the Agency or Legislative level.</p> <p>2) Financial disclosure forms must be submitted to the County by all Board Members.</p> | <p>1) <i>We are suggesting a detailed checklist be provided to each board member annually that identifies the specific criteria required by the Authority Budget Office to ensure independence. This checklist should be completed and signed by the board member assuring their responses have been completed accurately and to the best of their knowledge.</i></p> <p>2) We have requested the disclosure forms from the County for 2020 and 2021. We have been advised they are working on getting us the 2020 forms and the 2021 forms are not required to be filed with them until May of 2022. <i>We will follow up on the receipt of the requested 2020 forms and address this item in a future report.</i></p> |
| <p>No. 07-02 Financial Disclosure by Local Public Authority Board Members</p> | <p>Only a political subdivision that is required to adopt a financial disclosure policy under Article 18 of the General Municipal Law is required to establish and follow a financial disclosure policy under the Public Authorities Accountability Act.</p> | | <p><i>Deemed not applicable to the Agency</i></p> |

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| <p>No. 09-01 Appropriate use of Executive Session</p> | <p>1) How does the Board notify the public that a meeting will be held and what the details and on the purpose of the meeting is to assure the public that subject matter meets satisfactory test for executive session?</p> <p>2) How does the Board provide its justification for moving to executive session in circumstances where there may be doubt as to the legality of moving their discussion into executive session?</p> <p>3) When the situation arises that brings the Board to vote to move the discussion to executive session are adequate details of the reasons to move to executive session properly disclosed?</p> <p>4) Is the Agency's annual independent audit presented during public meeting?</p> <p>5) How does the Board insure that they are properly moving to executive session in regards to discussions of legal strategy and not out of concern that if the discussion of such matter is discussed in public session could provoke a lawsuit or the threat of potential legal action?</p> | <p>1) The meeting public notice is disseminated to the local newspaper a week in advance and all relevant meeting documents are posted to the Agency's website in advance of each meeting.</p> <p>2) Agency Counsel is always on hand for purposes of explaining any justifications.</p> <p>3) When applicable, the reason for entering into an executive session is listed on the minutes with adequate details.</p> <p>4) In previous years, the Agency failed to conduct audit committee meetings in a public setting. During 2021, this was corrected and from this point forward a recording of the meeting will be posted to the Agency's website.</p> <p>5) Agency Counsel is always on hand for purposes of explaining any justifications.</p> | <p>1) Viewed the notifications posted on the Agency's website and past notices posted in local newspaper without exception. No suggested changes.</p> <p>2) Noted the presence of the Agency's legal counsel as one of the party's attending the board meetings on the approved and listed minutes. No suggested changes.</p> <p>3) Noted the documentation of entering executive session for a sample of board minutes selected for review, without exception. No suggested changes.</p> <p>4) This will be monitored going forward to ensure the Agency complies with this requirement.</p> <p>5) Noted the presence of the Agency's legal counsel as one of the party's attending the board meetings on the approved and listed minutes. No suggested changes.</p> |
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| <p>No. 10-01 Acknowledgement of Fiduciary Duty</p> | <p>1) Does the Agency have each board member read and sign the "Acknowledgement of Fiduciary Duties and Responsibilities" statement and maintain record of that signed statement throughout each members term?</p> <p>2) Are Board members signing new acknowledgment statements at the start of each term?</p> | <p>1) Yes, although the Agency has recently determined records maintenance in this area needs to be improved.</p> <p>2) Yes, although the Agency has recently determined records maintenance in this area needs to be improved.</p> | <p>1) We are suggesting a detailed checklist be provided to each board member annually that identifies the specific criteria required by the Authority Budget Office to ensure independence. This checklist should be completed and signed by the board member assuring their responses have been completed accurately and to the best of their knowledge.</p> <p>2) Same as response to number 1 above.</p> |
| <p>No. 10-05 Annual Board of Directors Evaluations</p> | <p>1)Are the Board members annually completing their own evaluation of the Board? And if so, in what format is this being completed?</p> <p>2) Are the annual Board evaluations provided to the governance committee for review and discussion?</p> <p>3) Based on the results of this process does the Board implement immediate corrective actions to improve performance?</p> <p>4) Are the responses of the evaluations summarized and submitted to the ABO with in the 90 day required filing deadline annually?</p> | <p>1)Yes, template from ABO is used.</p> <p>2) No. The Agency began having Governance Committee meetings this year.</p> <p>3) It is hoped that this process will be improved once the Governance Committee begins to properly review them.</p> <p>4) No. Was not aware of this requirement.</p> | <p>1) The template was reviewed without exception. No suggested changes.</p> <p>2) We are suggesting that this required step be added to the newly added Governance Committee Meetings.</p> <p>3) As part of item number 2 above we are suggesting that the Board complies with the ABO requirement to implement an immediate corrective action plan for any items documented as needing improvement during the review of the results of the annual Board Evaluations.</p> <p>4) We are suggesting a control procedure be implemented to ensure the Agency complies with this filing requirement and completes that required filing with in the 90 day period.</p> |

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| <p>No. 17-01 Board Member Training</p> | <p>1) How does the Agency monitor the 12 month from appointment training requirement?</p> <p>2) Does the Agency provide the recommended internal orientation session for new board members familiarizing them with operations?</p> <p>3) Does the Agency require management staff, including counsel, to participate in similar training programs?</p> <p>4) Is the Agency complying with the recommendation that directors or board members participate in refresher training upon their re-appointment or at least once every 3 years?</p> <p>5) If so, how is this being monitored and documented by the Agency?</p> | <p>1) Management has verbally informed board members of their training requirements upon being placed on the board and are informally reminded throughout the year if necessary.</p> <p>2) Very informal training.</p> <p>3) Not formally required, but Agency Counsel, Executive Director and Controller have participated in prior years.</p> <p>4) Yes, in the same manner as new board members.</p> <p>5) A binder is maintained within the Agency’s administrative office with relevant board documentation.</p> | <p><i>For questions 1-5 regarding this Guidance, Management provided the following note; “(Please note that the Agency formally approved a new board member training checklist at its regular monthly board meeting on December 27, 2021 in an effort to improve its board member training requirements. This was based on ABO policy guidance.)”</i></p> <p>This new training will be tested going forward</p> <p><i>4)No suggested changes.</i></p> <p><i>5)No suggested changes.</i></p> |
| <p>No. 18-01 Preferred Source Payment</p> | <p>1) Has the Agency taken advantage of need not to follow the competitive bid process and purchased goods or services from preferred sources?</p> | <p>1) The Agency does try to make purchases via “piggybacking” and joining the County and other Municipalities in their contracting for similar goods and services, thus taking advantage of the need not to follow the competitive bid process.</p> | <p><i>1)No suggested changes.</i></p> |
| <p>No. 18-02 Public Authority Investment Report</p> | <p>1) Is the Agency in compliance Section 2925 of the Public Authorities Law and preparing an annual investment report which includes the investment guidelines and any amendments made since</p> | <p>1) Yes. All items are posted on our website.</p> | <p>1)Viewed on the Agency’s website without exception. <i>No suggested changes.</i></p> |

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| | <p>the last report, as well as the results of the independent audit of the Agencies investment practices?</p> <p>2) Has the Agency adopted a comprehensive investment guideline that includes all of the required items listed by the ABO?</p> <p>3) Does the Agency receive the required annual independent audit of their investment practices or does the annual financial statement audit completed by an independent auditor include a statement on the Agency's investments?</p> | <p>2) Yes. Investment policy is posted on our website.</p> <p>3) Yes. Investment audit report is posted on our website.</p> | <p>2) Viewed on the Agency's website without exception. <i>No suggested changes.</i></p> <p>3) Viewed on the Agency's website without exception. <i>No suggested changes.</i></p> |
| <p>No. 20-01 Enforcement Powers of the Authorities Budget Office</p> | <p>1) Has the Agency been issued a Public Warning by the Authorities Budget Office in the past 7 years? If so, please identify the reason that was provided by the Office for their warning.</p> <p>2) If a warning was issued did the Agency comply with the corrective action requirement within the allotted time frame provided by the Authorities Budget Office?</p> <p>3) Has the Agency been Censured by the Authorities Budget Office in the past 7 years? If so, please identify the reason that was provided by the Authority Budget Office.</p> | <p>1)No</p> <p>2)Not Applicable</p> <p>3)No</p> | <p>1) <i>Nothing to note.</i></p> <p>2) <i>Nothing to note.</i></p> <p>3) <i>Nothing to note.</i></p> |

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| | <p>4) Has the Agency received a recommendation to suspend or dismiss a Board Member and Officers by the Authorities Budget Office in the past 7 years? If so, please identify the reason that was provided by the Office for their recommendation.</p> <p>5) Has the Agency had a Board Member or a member of its Executive Staff suspended by the Authorities Budget Office in the past 7 years? If so, please identify the reason that was provided by the Office for this suspension.</p> | <p>4)No</p> <p>5)No</p> | <p>4) <i>Nothing to note.</i></p> <p>5) <i>Nothing to note.</i></p> |
| <p>No. 21-01</p> | <p>1) Is the Agency in compliance with the Authority Budget Organization and have all required items listed on their website? For any applicable items not listed, please identify which are not and the reason those are not included.</p> | <p>1) Majority are posted. (additional notes below)</p> <ul style="list-style-type: none"> - Schedule of Debt – N/A - Management’s Assessment of the Authority’s Internal Control Structure and Procedures – narrative internal control assessment is posted to our website - List of Authority’s Board Members and Executive Management Team – some details are missing - Board Meetings/Video Recordings – audio stream only - Subsidiaries, Affiliates, and Major Authority Units – N/A - List of Projects – N/A - Annual Budget Report – budget numbers only, no narratives - Conflict of Interest Policy – recently approved at our December 27th board meeting; needs to be posted to our website. | <p><i>We are suggesting all required information be obtained and posted to the Agency’s website.</i></p> <p><i>Will be tested in future to ensure it has been posted.</i></p> |

In summation of the testing completed on the Authority Budget Office compliance above, we believe the Agency's highest risk is not complying with the required guidance procedures. This may be due to the Agency not being aware of all required guidelines, not properly monitoring its compliance with the guidelines or lack of maintaining the necessary documentation to verify the guidelines have been followed. We believe the implementation of the suggested procedures above will allow for the Agency to become aware of and monitor its implementation of the required guidelines. This will help ensure the Agency is in compliance with the ABO guidelines and will reduce the risk of receiving a report that states otherwise if the ABO performs an audit of the Agency.

If the Board approves the implementation of the suggested procedures in the Composting and ABO Compliance areas we will test these newly adopted procedures during future audits of each section. We are happy to discuss the tests that were completed, the results that were found and the suggested procedures we have provided within this report.

Sickler, Torchia, Allen & Churchill, CPAs, PC
Sickler, Torchia, Allen & Churchill, CPA's PC
Lake Katrine, New York