

AGENDA

NASSAU COUNTY INTERIM FINANCE AUTHORITY AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING

**OCTOBER 15, 2019
7:00 PM**

MARRIOTT LONG ISLAND HOTEL & CONFERENCE CENTER
101 JAMES DOOLITTLE BLVD., UNIONDALE, NY 11553

Call to Order

Action Items

- I. Approval of Minutes of September 10, 2019 Meeting
- II. Authorization to Retain RSM LLP as Independent Financial Auditors for the Authority and the Taking of Related Actions
- III. Authorization to Hire a Consultant to Provide Support on Accounting Software and Take Related Actions

Discussion Item

- IV. Nine Month's Budget Versus Actual Results (September 30, 2019)

Adjournment

DRAFT – SUBJECT TO REVIEW AND REVISION

NASSAU COUNTY INTERIM FINANCE AUTHORITY

MEETING OF THE AUDIT AND INTERNAL CONTROLS COMMITTEE

MINUTES OF SEPTEMBER 10, 2019

The Audit and Internal Controls Committee of the Nassau County Interim Finance Authority convened on September 10, 2019 at 7:02 PM at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY, pursuant to legal notice given on September 6, 2019, and electronic notice posted on the Authority’s website.

Committee Members present: Christopher Wright, Chairman
Adam Barsky
Lester Petracca

Committee Members absent: John Buran

Staff present: Evan Cohen, Executive Director
Carl Dreyer, Treasurer
Kathleen Stella, Corporate Secretary
Jeremy Wise, General Counsel
Martha Worsham, Deputy Director

Call to Order/Roll Call
The meeting was called to order at 7:02 PM.

1. Approval of Minutes

Upon a motion duly made by Committee Member Petracca and seconded by Committee Member Barsky, the Committee approved the minutes from the meeting on May 23, 2019.

Positive votes: 3 Negative votes: 0

Resolution No. 19-76

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MAY 23, 2019 AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the Audit and Internal Controls Committee meeting of the Authority held on May 23, 2019 are hereby approved and all actions taken by the Committee Members present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

2. Approve Submission of NIFA’s 2020 Budget and FY 2020 – FY 2023 Financial Plan to the Office State Comptroller and the Authorities Budget Office to Comply with 2 NYCRR, Part 203

NIFA Treasurer, Carl Dreyer, stated that the financial plan for 2020 was \$475,000 less than what was adopted for 2019 mostly because of an anticipated decrease in professional fees for labor related matters. Driven by this decrease, totals for operating expenses in 2020 were \$25,000 less than what was in last year’s plan, and the total expenses for 2021 and 2022 were each \$50,000 less than the plan that was presented last year. He further explained that Control period expenses, such as the wage freeze lawsuit matters, remained the same at \$100,000 per year, the same as last year. He further stated that the financial plan assumes NIFA will remain staffed at its current level with an open, funded position included should staffing needs change. Carl noted that if NIFA does not fill the open position, surplus resources will be remitted to the County. The plan includes projected increases to salary, pension and health benefits consistent with NIFA policy and are in accordance with the estimates provided by the New York State and Local retirement system and State Department of Civil Service.

Director Wright stated that NIFA cannot dissolve until all of its obligations are paid and that one of the obligations would be to continue (OPEB) other post-employment benefits.

Carl stated there is nothing in the budget that includes funding of an OPEB fund.

Director Weisman inquired where do the funds come from if NIFA goes over budget in 2020. Carl answered that the needed funds would come from additional withholding of County sales tax.

It was requested that the Committee recommend to the Directors approval of the Budget and Plan so that it may be officially filed with the State Comptroller and any other necessary parties.

On a motion by Committee Member Petracca and seconded by Committee Member Barsky, the resolution was approved.

Positive votes: 3 Negative votes: 0

Resolution No. 19-77

APPROVE SUBMISSION OF NIFA’S 2020 BUDGET AND FY 2020 – FY 2023 FINANCIAL PLAN TO THE OFFICE OF THE STATE COMPTROLLER AND THE AUTHORITIES BUDGET

DRAFT – SUBJECT TO REVIEW AND REVISION

OFFICE TO COMPLY WITH 2 NYCRR, PART 203 AND THE TAKING OF RELATED ACTIONS

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Audit and Internal Controls Committee (“Committee”) of the Nassau County Interim Finance Authority; and be it further

RESOLVED, that the Committee acknowledges enactment of 2 NYCRR, Part 203 (the “Regulations”) and its requirement that the Directors of the Nassau County Interim Finance Authority receive, review and approve a proposed Budget for FY 2020 (“Budget”) and a proposed Financial Plan for FY 2020 – FY 2023 (“Plan”); and be it further

RESOLVED, that the Committee hereby conditionally approves the Budget and Plan subject to the conditions outlined in the Materials; and be it further

RESOLVED that the Committee recommends to the Directors that they approve the Budget and Plan so that they may be disclosed and subsequently, if no negative comments from the public are received, officially filed with the State Comptroller and any other necessary parties.

Adjournment

The Chairman made a motion to adjourn. The meeting was adjourned at 7:14 PM.

Respectfully submitted,

Kathleen Stella
Corporate Secretary

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

FOR CONSIDERATION

October 15, 2019

TO: Christopher Wright

FROM: Evan Cohen

SUBJECTS: Selection of Independent Financial Auditors

REQUEST FOR: Authorization to Retain RSM LLP as Independent Financial Auditors for the Authority and the Taking of Related Actions.

Introduction:

You are being asked to take action in connection with the retention of RSM LLP (“RSM”) as NIFA’s independent auditors for fiscal years 2019-2023.

Discussion:

The Nassau County Interim Finance Authority (“NIFA”) Act requires NIFA to conduct an annual financial audit performed by an independent certified accountant. The audit report is required to be sent to the County Executive and various State officials. The scope of the audit includes a review of NIFA’s financial statements and compliance with State investment guidelines.

On September 5, 2019 NIFA advertised on its website and, in the “New York State Contract Reporter” and reached out to the New York State councils for MWBE’s and Service-Disabled Veteran Owned Businesses (SDVOB’s) for the services of an independent financial auditor and indicated that a Request for Proposals (“RFP”) was available and had to be completed and returned by October 4, 2019. At the suggestion of two of our Directors, we reached out to an additional two audit firms.

Ultimately, two firms RSM and EFPR Group of Williamsville, NY submitted proposals (each, a “Firm”).

Each of NIFA’s three Standby Bond Purchase Agreements (“SBPA’s”) stipulate that our independent accounts be “of nationally recognized standing.” RSM LLP is among the top ten national accounting firms. The other firm is not listed in any national ranking.

Fees:

RSM LLP has quoted us the following fees, plus disbursements: \$35,740 for each of fiscal years 2019 and 2020, and \$36,800 for each of fiscal years 2021 through 2023.

During the term of this engagement, McGladrey LLP may also need to approve the inclusion of the Authority's financial statement in NIFA's offering circulars. This review will be charged at an additional rate, up to a maximum of \$10,500 for each offering.

Requested Action:

Submit a resolution of this Committee requesting the Directors to authorize the Chairman of NIFA or his designee(s) to negotiate and execute a contract for the services of RSM LLP as NIFA's independent financial auditing firm to conduct an audit of NIFA's books and records for fiscal years 2019 through 2023, substantially upon the terms and conditions outlined in these materials.

Attachment: Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

RESOLUTION NO. 19-79

AUTHORIZATION TO RETAIN RSM LLP AS INDEPENDENT FINANCIAL AUDITORS
FOR THE AUTHORITY AND THE TAKING OF RELATED ACTIONS.

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Nassau County Interim Finance Authority (“NIFA”); and be it further

RESOLVED, that in accordance with the Materials, the Chairman or his designee(s) are hereby authorized to enter into an agreement with RSM LLP as NIFA’s independent financial auditing firm; and be it further

RESOLVED, that the Chairman or his designee(s) are hereby further authorized to hire and pay RSM LLP for services related to inclusion of NIFA’s audited financial statements in any offering circulars related to the issuance of NIFA’s bonds or notes at the maximum rate of \$10,500 per offering; and be it further

RESOLVED that the Chairman or his designee(s) are further authorized to take all actions deemed necessary or appropriate to present the findings and recommendations of this Committee to the full Board of NIFA Directors.

Christopher Wright
Chairperson

October 15, 2019

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

FOR CONSIDERATION

October 15, 2019

TO: Christopher Wright

FROM: Evan Cohen

SUBJECT: NIFA Accounting Software

REQUEST FOR: Authorization to Hire a Consultant to Provide Support on Accounting Software and Take Related Actions

Introduction:

On September 12, 2003 and March 25, 2004 the Directors authorized staff to purchase accounting software (“Great Plains” and “Nolan Advanced Bank Reconciliation”) and to take related actions including the required training and support on said software. The current authorization for that support, which was renewed by the Directors on June 5, 2013, has expired.

Background:

In September of 2003, the Directors authorized the Authority to purchase an accounting software package that consolidated all of NIFA’s financial information, provided for tracking and reporting on a fund accounting basis, and automatically generated financial schedules required under Governmental Accounting Standards Board rules (the “Accounting Software”).

Subsequent to the purchase of the Accounting Software, the Directors authorized, and then reauthorized, the hiring of Micro Force to assist NIFA in training personnel and to help maintain and enhance the Accounting Software.

The existing authorization with Micro Force expired on May 28, 2018 and we decided to see if there were other vendors who could provide the same service(s).

Vendor Selection Process:

NIFA initiated our search with New York State Shared Services (“NYSSS”) because if we had found a qualified candidate, that would have eliminated the need for us to issue an RFP. We received four recommendations from NYSSS and interviewed one firm. Ultimately, the one firm that we interviewed agreed with us that it didn’t make sense to engage them since they were not an authorized Microsoft software dealer, which is important should we have to upgrade from our current version of Accounting Software.

We dismissed the other two candidates because being physically accessible to our Office is essential. One candidate was based in Florida and the other candidate was based in Albany.

Furthermore, neither candidate expressed familiarity with Nolan Advanced Bank Reconciliations software, which is an integrated third-party module to Great Plains.

Consequently, we issued an RFP on September 3, 2019 and posted it on our website and in the “New York State Contract Reporter,” and reached out to the New York State councils for MWBE’s and Service-Disabled Veteran Owned Businesses (“SDVOB’s”.) Our MWBE contact never sent us any candidates after acknowledging our request and, we determined that there was nobody who was qualified on the list that the SDVOB group had sent us.

NIFA received three proposals from its RFP:

PS Business Solutions proposed an annual fee of \$150,000;

V Group, located in Cranbury, NJ, offered an hourly rate of \$150, but the proposed person who would have spearheaded our assignment indicated a Tampa, Florida residence on their resume. We sent an email addressing our concerns to V Group’s bid manager and placed a call with their president, neither of which was returned.

Neither PS Business Solutions or V Group addressed Accounting Software annual licensing fees, which should have been an integral part of their proposals.

Finally, our incumbent software consultant, Micro Force, offered a proposal of \$200 per hour and noted that there is an annual licensing fee of \$1,269 for Great Plains and \$350 for Nolan Advanced Bank Reconciliation. Micro Force also pointed out that there is an unbilled annual licensing fee of \$1,750 covering 2015 through 2019 despite no service interruption, which we confirmed had not been invoiced or paid.

Micro Force is located in Huntington, NY and has been NIFA’s software consultant since 2003. They have successfully upgraded NIFA through several interim releases to our current version of Great Plains and addressed changes necessitated by NIFA’s banking trustee and the unique requirements mandated by the New York State Office of Information Technology, which hosts and supports our server equipment. Micro Force is also a Certified Microsoft Dealer.

Requested Action:

You are being asked to affirm the expenditure to Micro Force of \$3,075 for work under their prior authorization (which expired on May 28, 2018) and to submit a resolution of this Committee requesting the Directors to authorize the Chairman of NIFA or his designee(s) to take all related actions necessary to continue the employment of Micro Force as consultants to the Authority, for a total term not to exceed six years or the total additional expenditure in the amount of \$30,000, whichever comes first.

Attachment: Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

RESOLUTION NO. 19-80

AUTHORIZATION TO HIRE A CONSULTANT TO PROVIDE SUPPORT ON
ACCOUNTING SOFTWARE. AND TAKE RELATED ACTIONS

RESOLVED, that the materials presented to this meeting (the “Materials”) are hereby ordered to be filed with the records of the Authority; and be it further

RESOLVED, that the Chairman or his designee(s) are hereby ordered hire Micro Force in an amount not to exceed \$30,000 for additional training and maintenance of certain Accounting Software (defined in the attached Materials); and be it further

RESOLVED, that any part of the aforementioned \$30,000 may be spent, with NIFA’s consent, to purchase upgrades to the aforementioned Accounting Software; and be it further

RESOLVED, that the solicitation of other vendors was conducted, and Micro Force was chosen for their proximity, price and experience with NIFA’s Accounting Software; and be it

RESOLVED, that all prior expenditures to Micro Force, as further described in the Materials, are hereby ratified and affirmed; and be it further

RESOLVED, that the Chairman or his designee(s) are further authorized to take all actions deemed necessary or appropriate to present the findings and recommendations of this Committee to the full Board of NIFA Directors.

Christopher Wright
Chairperson

October 15, 2019

Nassau County Interim Finance Authority
Operating Revenues and Expenses Year to Date vs Annual Budget
at September 30, 2019

Cash Basis, Unaudited

	Adopted Annual Budget	2019 YTD		Remaining Budget
Beginning Cash Balance January 1, 2019			\$ 524,439	
Revenues				
Sales Tax Receipts	1,178,442,597	828,671,390		
Less Sales Tax Transferred to County	(1,032,577,316)	(718,927,930)		
Less Debt Service Deposits	(143,391,281)	(108,493,460)		
Sales Tax Retained by NIFA	2,474,000	1,250,000	1,250,000	(1,224,000)
Interest Income				
Bond & Debt Service Accounts		4,401,497		
Less Bond Interest Transferred to County		244,267		
Bond Interest Retained for Debt Service		4,157,230		
Operating Account Interest	1,000		223	(777)
Other Sources			12,453	12,453
Other Transfers to County			-	
Total Revenues	\$ 2,475,000		\$ 1,262,676	\$ (1,212,324)
Expenses				
NIFA Operating Expenses				
Salaries and Benefits	1,379,780		798,377	581,403
Furniture & Equipment	17,000		3,798	13,202
Rent	121,081		78,492	42,589
Telephone & Communications	19,215		2,573	16,642
Professional Fees	782,080		276,607	505,473
Insurance	5,974		-	5,974
Other	49,870		16,045	33,825
Total Operating Expenses	\$ 2,375,000		\$ 1,175,893	\$ 1,199,107
Control Period Expenses				
Skadden Arps	100,000		36,061	63,939
Grant Thornton	-		-	-
Bond Schoeneck	-		-	-
Meeting	-		\$ -	-
Total Control Period Expenses	100,000		36,061	63,939
Total Expenses	\$ 2,475,000		\$ 1,211,954	\$ 1,263,046
Contingency for Change in NIFA Status	-		-	-
Revenues Over (Under) Expenses	\$ -		\$ 50,722	50,722
Ending Cash Balance (YTD)			\$ 575,161	
		Operating	544,186	
		Payroll	31,840	
			(865)	
		Flex fees	450	
		B/S acct's	416	
			1	