

NYS OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

INTERNAL CONTROL SUMMARY

FISCAL YEAR 2007 - 2008

1. Describe the review process used by the agency during 2007 - 2008 to assure that internal controls were evaluated regularly.

A. The Authority held regular periodic meetings to monitor internal controls:

- Daily Strategy Meetings at the ski centers
- Venue Foremen Meetings
- Operations Meetings
- Event Meetings
- Health and Safety Meetings
- Budget Meetings
- Finance Committee Meetings
- Strategic Planning Meetings
- Board Governance Meetings

B. Independent auditor reviews of specific internal control areas, with follow-up reviews.

C. The Finance Office Staff reviews all financial paperwork for compliance with policy.

D. An emergency response plan for all five venues is tested periodically.

E. To help ensure the accuracy of financial statements, each venue and department is provided with detailed income and expense data that is reviewed and approved prior to financial statement preparation.

F. Manager's and Department Head's testing of internal controls.

G. Regular safety inspections of venues.

H. Internet usage regularly monitored.

I. The ORDA Board receives financial statements every month with explanations of variations compared to budget and the previous year.

2. List all high-risk activities and indicate which were reviewed during 2007 – 08

Health Insurance Expense was examined and revisions made again this year.
ORDA's Strategic Plan is currently under revision, an ongoing process.
The need for an intranet is being reviewed
Labor costs were reviewed
Ticket sales/Box Office operations were reviewed.
Safety issues - regular reviews and meetings.
Computer use and safeguards were reviewed.
Code Compliance - reviewed and tested regularly.
The CEO and managers continuously review internal control systems.
Corrective action is taken as soon as possible when problems are identified.
Internal controls are promoted regularly via several meetings and memorandum.

3. Identify the significant deficiencies revealed through the Authority's 2007 - 08 review process. Outline the actions taken, or planned, to eliminate them. Highlight the most important internal control improvements made during the fiscal year.

We realized we needed a *written* disaster recovery plan for computer systems. ORDA's IT Department built a disaster recovery kit. Finance has one, there is one off-site, and another one in the IT office.

Employee safety is an on-going concern. Reviews of safety programs and reports from safety meetings were reviewed. Worker's comp incidents were reviewed. Reports showed one meeting each month and good follow-up from meeting to meeting. Attendance reports showed several department representatives were missing from meetings. All departments must send a representative to each meeting and bring safety messages back to all employees. This is a work in process.

Customer service was reviewed. Although we have had customer service training every year for several years, it was realized that we needed a better system to train new employees and refresh long-time employees. We engaged the services of the Governor's Office of Employee Relations who put us in touch with an excellent customer service trainer. We had a two day training seminar, which proved to be most beneficial to both line staff and management.

Since ORDA was created, it has been the policy to forward time to employees who were injured on the job and out of work on Worker's Compensation. When the case was settled, ORDA would receive reimbursement from The State Insurance Fund. The reimbursement in many cases took years to receive. This was a policy inherited from the Department of Environmental Conservation, when ORDA was created. This procedure was not only very cumbersome to administer, but costly for ORDA. As a result of the new Collective Bargaining Agreement with the Union, an employee's absence must now be completely accounted for through the use of his/her own accruals. Once the accruals run out, the employee no longer receives a paycheck and the Worker's Compensation checks go directly to the employee. As a result, ORDA no longer forwards time to an employee for Worker's Compensation injuries.

As health insurance costs continue to rise, ORDA continues to look for ways to reduce these expenses. ORDA has modified its prescription drug plan for retirees who are eligible for Medicare. Specifically, we switched to a drug card that would enable ORDA to be eligible for a federal subsidy. As a result, where ORDA would normally see an approximate 15% increase in premium, the premium was reduced from \$514.22 per person to \$267.70 per person, an almost 50% reduction in premium. In addition, 11 retirees (and spouses) were identified who were not on the plan, but were eligible. All 11 were put on the plan. Between these two initiatives, the estimated savings in 2008 over 2007 will be \$53,000+.

The box office at Mt. Van Hoevenberg and the Olympic Jumping Complex was tested. It was discovered that several areas needed addressing. Passwords were shared, reports were not being signed by supervisors, ticket logs were not kept, procedures had not been updated and were not available for new staff. All of these areas have been corrected, and are regularly monitored.

4. Describe the monitoring system installed by the authority to verify that corrective actions are, in fact, taken. Discuss the extent to which electronic data processing systems are used to track steps to reinforce internal controls.

Independent auditors review previous audit recommendations, and report to the Board of Directors.

An Internet Usage Policy, which incorporates state guidelines was written, which every employee who has access to the Internet sees when he or she logs in. Employee internet usage is monitored and periodic reminders of ORDA's internet usage policy are sent to all employees with Internet access.

Sonic walls have been put into place for security.

ORDA management continues to have regular, periodic meetings to review high-risk areas, and address problems.

Employee safety and injuries are tracked and documented. A consultant, along with ORDA staff reviews accidents and recommends corrective action. Worker's Compensation insurance costs have been lowered as a result.

The Finance Office continues to audit all financial transactions for accuracy and compliance with policy.

The CEO and Finance Office monitor revenue on a daily basis, comparing it to previous years and trends. Personal service and non-personal service expenses are monitored regularly.

Computer programs are in place that monitor computer usage. Only the IT department has access to these programs.

5. Summarize the specific actions the authority has taken to install a compliance testing program in accordance with the methods presented in the "Managers Guide: Testing Compliance with Internal Control Requirements". Please describe actions taken during 2007 - 08 to verify test results and expand the testing program.

The authority has a formal Internal Control Program. Testing, with follow-up continues and is documented.

6. Discuss the methods used in 2007 - 08 to provide internal control education and training to keep agency/authority staff aware of the need for internal controls.

As noted above, the Authority has several, varied and regular meetings in which internal control issues are discussed.

Issuance of memorandum to update and reinforce internal controls.

Internet usage policy instituted, reminders sent to those with access to the internet regularly.

ORDA's insurance agent meets with staff to review procedures to reduce insurance claims.

7. Describe measures instituted to sustain the effectiveness of the internal control program

during 2007 - 08. Include information on reorganizations and other revisions in the program to enhance its operations.

Planned discussions concerning internal control issues at management meetings.

Frequent memorandum from the CEO regarding internal control issues.

The ORDA Audit Committee, and Governance Committee, which includes ORDA Board members review financial issues and concerns, and report to the entire ORDA Board of Directors. At Audit and Governance Committee meetings, Internal Controls are discussed regularly. Board Members and an Auditor ask specific questions concerning Internal Controls. These questions are either answered at the time, or answered later in writing.

8. Outline specific actions taken to implement the internal control recommendations included in the Internal Control Task Force report, “The New York State Internal Control Act Implementation Guide: Strengthening Compliance with the Act and Standards.” Using the Compliance Roadmap for Internal Control Officers, Directors of Internal Audit and Other Stakeholders” as a guide, please provide a point-by-point affirmation of compliance with, or gap analysis of, each of the recommendations directed to agencies on pages 2, 3, 9, and 10. Please provide an action plan and related timetable for any instances of non-compliance.

**INTERNAL CONTROL PROGRAM
COORDINATION AND IMPLEMENTATION**

Recommendations	Status	Required Modifications	Page
1. Each Agency/Authority Head should provide a communication to all staff in support of its internal control program, including the importance of assessing internal controls.	Complete		4
2. Internal control programs should include a preliminary risk self-assessment by function.	Scheduled for 2008-2009 FY		4
3. Internal control programs should include an in-depth assessment of each function	2008-2009 FY		4

Recommendations	Status	Required Modifications	Page
and should include the identification of inherent risks and internal controls for each function.			
4. Internal control programs should establish the frequency of reporting cycles for each risk assessment, internal control review, and other internal control reporting documents.	In Place		4
5. Internal control programs should establish an approval or independent review process of the preliminary risk assessments and the more in-depth internal control reviews.	Scheduled for 2008-2009 FY		5
6. Internal control programs should establish minimum and maximum timeframes for periodically reviewing its organizational structure and its inventory of functions.	Scheduled for 2008-2009 FY		5
7. Internal control programs should establish a process for identifying improvement areas, corresponding corrective actions, and implementation status of all corrective actions.	In Place		5
8. Internal control programs should establish and maintain documentation standards (what needs to be kept; by whom; where; and for how long).	Complete		5

INTERNAL CONTROL EDUCATION AND TRAINING

Recommendations	Status	Required Modifications	Page
1. Agency management should assign staff to one of three training levels: Line Staff, Middle Managers, and Executive Management.	In Place		37
2. Agency management should identify training objectives and key concepts (see Appendix), for each level.	Scheduled for 2008-2009 FY		38
3. Agency management should identify methods of delivery and frequency following the recommended framework of quick hitters, instruction-based learning, and executive meetings.	Work in Process		39
4. NYSICA should establish a centralized resource library.	Complete	Maintain Updates	40

8. For those agencies required by BPRM Item B-350 to have an internal audit (IA) function, demonstrate how that function complies with requirements of the Internal Control Act and professional IA standards.

ORDA Management and the ORDA Board continue to evaluate whether an Internal Auditor is necessary.

9. Outline the specific actions taken to implement recommendations included in the Internal Control Task Force report, “The New York State Internal Control Act Implementation Guide: Strengthening Compliance with the Act and Standards.”

ORDA’s Internal Control Officer and staff attend the Internal Control Seminar in Albany.

ORDA’s CEO and Executive Vice President, along with the Director of Finance continue to stress the need for internal controls in several varied meetings with Venue Managers and Department Heads.

“The New York State Internal Control Act Implementation Guide: Strengthening Compliance With the Act and Standards” has been distributed to all Managers and Department Heads, who in turn share this document with their staff.

“Standards for Internal Control in New York State Government” has been distributed to all Managers and Department Heads, who in turn share this document with their staff.

March 24, 2008

Mr. Thomas Lukacs
Division of the Budget
State Capitol
Albany, NY 12224

Dear Mr. Lukacs:

Pursuant to Budget Bulletin B-350, please find enclosed the Olympic Regional Development Authority's Internal Control Summary for fiscal year 2007-2008.

If you have any questions, please contact Kathy Bushy, Internal Control Officer, at the address below.

Sincerely,

Ted T. Blazer
President/CEO

Enclosure

