



October 10, 2014

Office of the State Comptroller
Division of Government Accountability
110 State Street - 11th Floor
Albany, New York 12236

To Whom It May Concern:

In conjunction with requirements stipulated by Section 170 of the Executive Law, please accept this letter as response to audit Report 2013-S-18 issued by the Office of the State Comptroller concerning the NYS Olympic Regional Development Authority's Selective Financial Management Practices. The information included within this document details the recommendations included in the audit report and the responses and remediation steps taken by ORDA management.

If further information or details pertaining to any recommendations or management remediation plans is needed, please contact Pdraig Power, Director of Finance, at ppower@orda.org or via phone at 518-302-5317.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Blazer", with a long horizontal line extending to the right.

Ted Blazer
President/CEO
New York State Olympic Regional Development Authority
2634 Main Street
Lake Placid, New York 12946

Cc: J. Patrick Barrett-ORDA Chair



State Audit Report 2013-S-18 Recommendation Updates
October 19, 2014

The following information outlines in summary the recommendations included in the Office of the State Comptroller audit report 2013-S-18 for the NYS Olympic Regional Development Authority released on July 9, 2014. Also included are the remediation plans that have been implemented by the organization as a result of the audit for each recommendation.

1. **Recommendation:** Establish and follow procedures for the LOC which, at a minimum:
 - a. Define requirements for selecting a LOC bank and documenting the associated decision making,
 - b. Document why available cash balances could not cover LOC charges,
 - c. Document approvals for each use, and report each use to the Board,
 - d. Ensure LOC is promptly repaid, and
 - e. Track the outstanding balances that should be repaid from specific grant reimbursements.

ORDA Remediation: Prior to the completion of the audit, ORDA management redesigned the procedures associated with LOC use and management. All uses are now fully documented, approved, and tracked on a master spreadsheet for up-to-date LOC information. Every three years the re-bidding process will be revisited and documented to the fullest degree.

2. **Recommendation:** Establish and follow procedures for the corporate sponsorships which at a minimum:
 - a. Develop consistent evaluations procedures to determine whether a sponsorship is beneficial to ORDA, and retain documentation of the evaluation,
 - b. Track to ensure all in-kind trade items due to ORDA through sponsorship agreements are received and used for an ORDA business purpose, and
 - c. Track ORDA's sponsorship responsibilities to ensure ORDA does not compensate sponsors beyond the terms of their agreements.

ORDA Remediation: ORDA management has implemented a more stringent tracking tool for the in-kind sponsorship agreements and any other responsibilities due to ORDA or sponsors per their agreements. Further, all future sponsorships will be evaluated and documented by the Director of Corporate Development and reviewed by the President/CEO to ensure the agreement is acceptable.



3. **Recommendation:** Ensure all accounts receivable are reviewed periodically to determine if older accounts are still collectible or should be written off. Retain documentation of these reviews and any amounts that are written off.
ORDA Remediation: The Director of Finance has implemented a new procedure in which accounts receivable balances are reviewed on a monthly basis for collectability. Further, a detailed review is performed at year-end to determine if any accounts should be written off. These reviews are documented and maintained by the Accounts Receivables Clerk.
4. **Recommendation:** Contact DOB to determine the status of its accounts receivable due from ESDC.
ORDA Remediation: ORDA management has contacted DOB regarding these balances and has since collected \$1.7 million in outstanding receivables due from ESDC.
5. **Recommendation:** Ensure that employee advances are reconciled and any amounts due are recovered in a timely manner. If an employee does not account for or return the advance, take action to recover the amount due.
ORDA Remediation: Monthly, all employee advances accounts are reviewed and reconciled to ensure all funds are closed out and/or collected. This is part of the monthly close process.
6. **Recommendation:** Develop a more accurate method of estimating expense and revenue amounts used in the multiyear financial plan to ensure that budgets are balanced, operating expenses are closely scrutinized during the year, and estimates are reviewed to determine that they are still valid. Maintain support for budget assumptions and calculations as required by the New York Code and Regulations.
ORDA Remediation: ORDA Management issued a new budget calculation and monitoring procedure to address these recommendations in July 2014.
7. **Recommendation:** Conduct a top-to-bottom review of ORDA's organization and spending to identify cost-containment opportunities.
ORDA Remediation: ORDA Management performed an overall organizational assessment in the summer months of 2014 addressing concerns ranging from expense savings opportunities, revenue enhancing operations, and overall organizational structure and personnel.
8. **Recommendation:** Review profitability by venue and consider adjusting operations at venues which repeatedly lose money.



ORDA Remediation: ORDA Management has reviewed operations at all venues and have taken steps to increase revenue generation and stress expense savings. Further, management plans to develop multi-year plans for all venues to identify operational efficiencies and long-term goals of these venues.

9. **Recommendation:** Adhere to PARIS payroll reporting guidelines for calculating annualized base salaries and separately reporting holiday pay.

ORDA Remediation: ORDA payroll staff contacted PARIS for year-end reporting for 2013-2014 and was informed that the current procedures for the payroll calculations were correct and in-line with PARIS guidelines. This was communicated to the audit staff prior to release of the audit report with no responses or resolution.

10. **Recommendation:** Implement a policy stating which employees are required to work holidays, and what documentation is required. Compensate non-represented employees who work holidays by granting compensatory time.

ORDA Remediation: ORDA HR Management has addressed this recommendation by revising the holiday payroll policies and including more detailed information on those eligible.

11. **Recommendation:** Award contracts on a competitive basis to the extent possible. Fully document any waivers permitting non-competitive procurements including the reason(s) for the decision.

ORDA Remediation: ORDA Management maintains that all procurements referenced in the audit report were obtained under the guidelines of the organization and state procurement rules. Moving forward, an emphasis will be put on maintaining the appropriate documentation to substantiate procurement decisions.

12. **Recommendation:** Obtain PACB approval before entering into and lease-purchase agreement for capital improvements.

ORDA Remediation: ORDA Management has sought advice from legal counsel and it has been determined that ORDA is not required to obtain PACB approval in these instances. This was completed prior to the release of the audit and communicated to the audit team with no response or resolution.

13. **Recommendation:** Ensure State capital appropriations are used for their authorized purpose and that the appropriate approvals are sought when funds are reallocated to other projects.

ORDA Remediation: Prior to the release of the audit report, ORDA Management implemented an updated, more robust capital tracking process to



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address the recommendation. Further, increased communication with DOB on reallocated funds has been put into process.

14. **Recommendation:** Formally define what qualifies as a capital cost and obtain Board approval for the definition.

ORDA Remediation: ORDA Management has sought out direction from the DOB on capital definitions as all approvals on capital spend comes from the DOB.