
**Authority Budget Office
Review Report
Albany Community Development
Agency
September 16, 2009**



The Authority Budget Office (ABO) is authorized by Section 27 of Chapter 766 of the Laws of 2005 (The Public Authorities Accountability Act) to review and analyze the operations, practices and reports of public authorities to assess compliance with various provisions of Public Authorities Law and other relevant State statutes. This includes rendering conclusions and opinions regarding the performance of public authorities and to assist these authorities improve management practices and the procedures by which their activities and financial practices are disclosed to the public.

The Authority Budget Office (ABO) is conducting a series of compliance reviews of public authorities that have not filed required reports with the State for 2007 and 2008. The Albany Community Development Agency (CDA) was chosen for this review because it has not filed its Budget, Annual, Audit, Procurement, or Investment Reports.

The purpose of this review was to determine why the CDA is delinquent with its reports. We also reviewed its structure and operations to determine whether the CDA acts in other ways to promote accountability and transparency in the absence of filing its reports.

Background of Agency

The CDA was authorized pursuant to Article 15-B, Title 54, of General Municipal Law. The CDA Board is comprised of the Mayor of the City and six other City officials: the chief fiscal officer, corporation counsel, president of the common council, director of community development, city clerk, and the director of the office of equal employment opportunity (which is currently vacant.) We found that the CDA functions as a department of City government, although the CDA has its own procurement and finance operations, as well as a long-term lease for its office space. The CDA is staffed by City employees of the Department of Development and Planning, but the CDA reimburses the City for these costs.

The CDA administers several different grant and loan programs totaling about \$6 million annually. These programs are primarily funded with federal Community Development Block Grant and HOME Investment Partnership entitlements, but other programs are also funded through the State, or with funds available from debt issued by the CDA. As of December 31, 2008, the CDA had over \$2 million

of long-term obligations outstanding; most of this is attributable to the capital lease for its office space.

Failure to Submit Reports

We met with CDA staff, and they indicated that the CDA has not submitted its required reports because they initially believed that the CDA was not a public authority subject to the Public Authorities Accountability Act. They stated that the CDA is classified as a blended component reporting unit of the City for financial reporting purposes. Based on that classification, their initial understanding was that the CDA would therefore not be considered an entity subject to the Act. However, they have recently determined that the CDA is a covered authority, and have begun working to submit required reports in the Public Authority Reporting Information System (PARIS).

We note that in August 2008 the CDA's independent auditor stated the CDA had not yet complied with the requirements of the Public Authorities Accountability Act, but that the CDA has still not submitted its reports for 2008. CDA staff have attended training, established an account in March 2009 to access PARIS, and have begun to enter information for the CDA's 2009 budget. As of the date of our review, the CDA has not yet entered information for the 2008 annual report or investment or procurement reports. We encourage CDA officials to continue entering required information in PARIS, and submit its required reports for 2008 so that it is in compliance with Public Authorities Law.

Accountability and Transparency Actions

We found that the CDA is generally accountable and transparent regarding its use of federal program funds for its operations. As a requirement to receiving federal funds, the CDA must prepare a five-year consolidated plan and annual action plans, which identify projects to be funded. In developing these plans, the CDA follows an extensive public hearing and comment process, and utilizes community input in making adjustments to the proposed plans. The plans are then reviewed and approved by the City Council. In addition, the CDA has an annual independent audit of its finances.

However, the CDA needs to improve the accountability and transparency of its operations as a public authority, and improve the public's accessibility to its operating and financial data. For example, the CDA does not adopt an annual operating budget, but its personal service costs are included within the City's budget, which is available on the City's web site. However, CDA staff are not easily identified within the City's budget, as they are listed as Housing and Community Development. CDA operating costs are not included in the City budget. Non personal service costs for the CDA are about \$500,000 annually.

The CDA provides information on the various programs it administers, as well as a list of its Board members, on the City's web site. However, the CDA does not adequately utilize the web site to provide public access to information on its operations. The CDA does not post the annual independent audit report, the five-year consolidation plan, annual action plans, Board meeting minutes or other financial or operating information on the web site. Further, it appears that the CDA does not keep the information on the City's web site current, since CDA staff told us that one Board member listed on the site has not been in the position for over a year.

The CDA Board meets monthly, and although these meetings are open to the public, there is limited public notice provided in advance of the meetings; CDA staff indicated that notice of upcoming CDA Board meetings are posted only in City Hall. In addition, although CDA staff told us that the Board has by-laws, they were unable to locate these by-laws and provide to us for review. By-laws establish the rules and procedures that should govern the actions of an authority, define the responsibilities of the chair, the board and the chief executive officer, and create an environment and organizational framework that assures proper oversight and adherence to established policies. CDA officials indicated that, since they have determined that the CDA is a public authority, they will be updating the by-laws to better reflect the CDA's responsibilities under the Act.