
**Authority Budget Office
Review Report
Little Falls Urban Renewal Agency
July 28, 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, and 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 Little Falls Urban Renewal Agency (URA) 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 URA is delinquent with its reports. We also reviewed its structure and operations to determine whether the URA acts in other ways to promote accountability and transparency in the absence of filing its reports.

Background of Agency

The URA was created under Article 15-B Title 6 of General Municipal Law. The URA Board is comprised of the City mayor and four other members appointed by the mayor and approved by the City Council. The URA is staffed by a Program Coordinator who handles the day to day activities of the URA. The URA also contracts with a community development consultant to administer and monitor the grants of the URA. The Agency is responsible for two grant programs with a total initial award amount of \$1.3 million.

The URA operates as a separate entity from the City, but does receive some services from the City. The Program Coordinator is a URA employee, not a City employee, and the URA relies on its own revenue sources to fund its operating costs. However, some resources are provided at no cost to the URA by the City, such as office space.

Failure to Submit Reports

We met with URA staff and select board members. They indicated that the URA has not submitted its required reports because of changes in administration, staff turnover, and poor record keeping. They stated the current staff and administration is new and has been focusing its efforts on establishing an adequate record keeping system and reconstructing data, which will enable the URA to submit accurate and complete reports in the future.

The current mayor took office in 2008, and three new members were appointed to the URA Board. Further, URA staff and board members indicated that early in 2008 the previous staff and consultants of the URA resigned and in February 2009 the U.S. Department of Housing and Urban Development (HUD) began an investigation of the URA. The URA staff and board members we met with stated that the records they inherited were poorly organized, and limited information was available to assist them in understanding their responsibilities. As a result, the URA focused its attention on reconstructing its operations to conform to federal and State regulations and on assuring that the URA's two grant programs continue to be timely and appropriately administered. We believe that the URA has begun to better understand its responsibilities and reporting requirements, based in part on their attending a board member training session in March 2008. While these are positive steps, the ABO received no assurance that the Little Falls URA would be taking any action soon to rectify its delinquent status and file any of its 2008 reports.

Accountability and Transparency Actions

Despite its failure to file required reports, we found that the URA has implemented some procedures and taken actions to improve the transparency and accountability of its operations. Additional steps are needed, however. The URA has monthly board meetings that are open to the public and notice of these meetings are posted in the local newspaper. Minutes are recorded and available for public review. In addition, the Board has recently established an Audit Committee and a Governance committee, and as indicated, most Board members have attended required training. And, the URA has recently created a web site so that it will be able to provide public access to its information.

We also identified specific issues where the URA needs to improve its transparency and accountability. For example, the Board entered executive session, where the public is excluded from discussion, in six of ten board meetings we reviewed. While the use of executive session is permissible for specific agenda items, the Board did not clearly identify the reason for executive session or when the reason was cited, it did not always conform to the specific exceptions outlined in Public Officers Law.

We found that although the URA requires dual signatures on the checks it issues, one of the approved signatories is the URA's attorney, who serves under a professional services agreement. Since this individual is not a Board member or employee, it is not advisable for the individual to be authorized to sign checks of the URA. In response to our review, the Agency indicated it has stopped the practice of using its attorney as an authorized check signatory.

In addition, the URA has not had an independent audit of its financial operations, but instead has been included within the City's annual financial audit. Although this is not prohibited, there has been insufficient detail provided in the City's audit to provide the necessary assurance that there are no material weaknesses in the operations of the URA. The URA has taken steps to address this, by issuing a request for proposals for auditing services for the 2008 fiscal year, and indicated it is currently awaiting responses.

Furthermore, while the URA does have a written agreement with its community development consultant, there is no written agreement that outlines the responsibilities of the URA's consultant attorney. Lastly, the URA owns a building which is used by the local YMCA, but does not have a written lease with the YMCA that describes the terms and conditions of the arrangement.