



**KATHY HOCHUL**

Governor

**ROBERT MEGNA**

Director of the Budget

## INTERNAL CONTROL CERTIFICATION INSTRUCTIONS

The Budget Policy and Reporting Manual B-0350 is issued by DOB and outlines agency requirements for completing the Internal Controls Certification.

An agency's submission of the Internal Control Certification represents the justification for an agency's level of compliance with the requirements of the Internal Control Act as outlined below.

In the responses to the six requirements, agencies must:

- Provide a thorough explanation of the specific actions the agency has taken to comply with each requirement and use as much space as needed to respond;
- Indicate the agency's level of compliance with each requirement and include justification for this assertion; and
- Include, for each requirement that is not fully compliant, an action plan and estimated date of completion.

A completed and signed Internal Control Certification Form must be submitted to the Division of the Budget (DOB) on or before **April 30** annually. Send the PDF of the completed form to DOB's internal control reporting mailbox at [dob.sm.icreporting@budget.ny.gov](mailto:dob.sm.icreporting@budget.ny.gov).



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**Agency Name:** Roosevelt Island Operating Corporation

**1. Establish and maintain guidelines for a system of internal controls for the agency.**

For this requirement, the agency is:

Fully Compliant

Partially Compliant

Not Compliant

See Attachment A

**2. Establish and maintain a system of internal controls and a program of internal control review for the agency. Please include a description of your agency's process for reviewing and testing controls and monitoring corrective action plans. Also, list all high-risk activities which were reviewed during the past year, and the results of those reviews.**

For this requirement, the agency is:

Fully Compliant

Partially Compliant

Not Compliant

See Attachment A

**3. Make available to each officer and employee of the agency a clear and concise statement of the generally applicable management policies and standards with which the officer or employee of such agency is expected to comply, along with detailed policies and procedures the employees are expected to adhere to in completing their work.**

For this requirement, the agency is:

Fully Compliant

Partially Compliant

Not Compliant

See Attachment A



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4. Designate an Internal Control Officer (ICO), who reports to the agency head, to implement and review the internal control responsibilities established pursuant to BPRM Item B-0350. The designation of the ICO should also be communicated to employees.

For this requirement, the agency is:

Fully Compliant

Partially Compliant

Not Compliant

See Attachment A

5. Implement education and training efforts to ensure that officers and employees have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques.

For this requirement, the agency is:

Fully Compliant

Partially Compliant

Not Compliant

See Attachment A

6. Periodically evaluate the need to establish, maintain or modify an internal audit (IA) function. If an IA function exists, it should operate in accordance with generally accepted professional standards for internal auditing. If your agency does not have an IA function, please complete Attachment D.

For this requirement, the agency is:

Fully Compliant

Partially Compliant

Not Compliant

See Attachment A



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## Internal Control Certification

**Agency Name:** Roosevelt Island Operating Corporation

**Agency Head:** Shelton J. Haynes, President & CEO

**Agency Address:** 524 Main Street, Roosevelt Island, New York 10044

**Name of Internal Control Officer:** Gretchen Robinson, General Counsel

**Email of Internal Control Officer:** gretchen.robinson@rioc.ny.gov

**Telephone Number:** (212) 832-4540

**Form Completed by:** Daeman Di Stefano, Assistant CFO & Comptroller

**Email (if different from ICO):** daeman.distefano@rioc.ny.gov

With the New York State Governmental Accountability, Audit and Internal Control Act, I hereby certify the agency is:

- Fully Compliant (Full compliance with all provisions)
- Partially Compliant (Partial compliance with some provisions)
- Not Compliant (Noncompliance with all provisions)

This certification is supported with detailed justification of actions taken and/or outlines specific actions needed to address areas of partial compliance or noncompliance as described in the Budget Policy and Reporting Manual item B-0350.

A handwritten signature in black ink, appearing to read "Shelton J. Haynes".

6/23/23

Signature of Agency Head

Date

## **Attachment A**

1. The President's "Tone at the Top Memorandum" which is distributed to all appropriate staff members annually, explains the policies and procedures as they relate to Internal Controls. Employees are also reminded of their duties and responsibilities in maintaining a system of Internal Control through the yearly distribution of RIOC's Employee Handbook as well as other policies and procedures. It also reinforces the requirement of all employees to communicate any concerns about job requirements, job-related activities, any changes to those requirements or activities to executive management; and ensures that policies and procedures are current and being followed. Indeed, through regular Operations meetings, Director's meetings, and Executive meetings, RIOC policies and procedures are a part of everyday business operations and company objectives. Information and ideas gathered from these standing meetings allow for RIOC to appropriately address any issues that may arise as a result of policies and procedures currently in-place. Where a need is identified to implement a new policy or procedure, or where in the converse, there is a need to eliminate or change a policy or procedure that is no longer functioning and present, RIOC management is able to take corrective action in a timely manner, to ensure that daily operations of the corporation are not affected, and business objectives are met efficiently and effectively.

2. RIOC maintains a successful control environment through its committed staff and through its formal and informal policies and procedures. RIOC departments and units promote effective communication regarding RIOC business, including special events and other co-sponsored activities, among other community efforts. RIOC staff are regularly updated on ongoing projects, developments, daily activities, and as needed, to facilitate an open line of communication and address matters as they arise. Staff are kept apprised of issues that may affect their daily duties and responsibilities. Through this process of communication that is all-inclusive of RIOC employees, particularly, essential employees, personnel understand their respective roles as they relate to Internal Controls. In so doing, RIOC employees can quickly identify areas of concern and report these conditions to the appropriate departments, units, and/or executive management for corrective action.

RIOC also strongly encourages and relies on its directors and unit managers to identify and assess key risks for their respective departments and units, while also devising methods in which to mitigate the risk. Employees are urged to promptly report any risks they discover so that those risks can be timely addressed through policy changes, where needed. All policies and plans of action are prepared and reviewed by the Executive Team for approval by the President or in some cases the Board of Directors, before they are implemented.

RIOC undergoes annual internal audits that aid the Corporation in identifying potential risks of which the Executive Team should be aware. These consultations are conducted by RIOC's Compliance & Internal Controls Officer where meetings are set up with Department Directors and Unit Managers to discuss their respective departments and units. Further, RIOC's Internal Controls Officer also conducts periodic assessments of the daily operations of the Corporation in order to determine whether policies are being followed. The Internal Controls Officer has an "open door" approach and regularly meets with directors and managers as well as other staff members to establish an environment for candid communication of potential risks and obstacles they face in conducting RIOC business. Individual consultations with other RIOC employees are also

a part of this process and are conducted when requested. Concerns from these meetings are relayed to the Executive Team and any adjustments needed for corrective action are reviewed and implemented as stated above.

For instance, RIOC has been keenly aware of the increase in financial fraud and other related crimes that have occurred since the onset of, and throughout the COVID-19 pandemic. While only a fraction of RIOC invoices have traditionally been paid via paper check, RIOC conducted an assessment in the feasibility of migrating to a complete automated clearing house (ACH) system via an outsourced firm. Upon a cost/benefit review, it was determined that outsourcing check preparation was not feasible, however, RIOC drastically reduced the number of checks issued each month and will continue to work toward eliminating paper checks completely. RIOC's Fiscal Department also added an additional procedure of paper check handling in that checks are now being logged into a tracking system that includes information of when, where, and at what time they are mailed. These added efforts have proven fruitful in mitigating the risk of RIOC falling victim to fraud due to checks being intercepted in the mail.

As for the external audit, RIOC is evaluated by a Certified Public Accounting firm that includes a limited review of RIOC's Internal Controls that help the firm to obtain a reasonable assurance that RIOC's financial statements are free of material errors. Although the firm does not provide a formal opinion on the effectiveness of the Corporation's Internal Controls policies and mechanisms - as it is not the objective of the annual external audit - that information is still forwarded to RIOC's Audit Committee and presented to the Board of Directors for review. Any findings of Internal Control deficiencies are addressed and corrected as needed.

3. As stated above, RIOC annually distributes and makes available the President's "Tone at the Top Memorandum" to all RIOC employees as a way of reiterating RIOC's commitment to Internal Controls. Among the many policies included in this annual package are RIOC's Code of Conduct, Code of Ethics, and employee responsibilities. Additionally, RIOC also distributes its Employee Handbook which contains all RIOC's formal and informal policies, procedures, and rules to all employees annually. These policies are also readily available on SharePoint; and RIOC's AVP of Administration sends out monthly "reminders" to employees regarding RIOC's anti-discrimination policies and procedures on how to file a complaint as well as other periodic emails that include how to request a reasonable accommodation; time and attendance, and dress code policies, among many others. RIOC also conducts "refresher" training on areas such as procurement and asset management as a reminder of various policies and procedures that must be followed to be compliant with New York State laws, rules, regulations, and standards; among other State mandated trainings. These policies underscore RIOC's commitment to Internal Controls and policy decisions based on management's daily communications to RIOC's staff, and RIOC's daily operations that thereby demonstrate these principles.

4. RIOC's Internal Controls Officer monitors, maintains, and updates RIOC's Internal Controls program by conducting annual assessments, periodic assessments, and submitting Internal Controls reports, among other filings. The Internal Controls Officer also schedules and prepares programs of training (such as Project Sunlight) for RIOC's Board of Directors, RIOC executives, RIOC directors, managers, and staff. Moreover, the Compliance & Internal Controls Officer regularly consults with executive management and the Board of Directors and RIOC's Department of Human Resources regarding RIOC business and course of action while also updating and/or changing methods of best practice and procedure where necessary, advisable, or directed

by State mandates. In these instances, if a change is in order or a new policy or procedure is adopted, these changes are communicated to RIOC staff through the appropriate methods including but not limited to the executive team, to managers and directors, and all other RIOC staff as needed in similar form. Through these practices, the Internal Controls Officer can implement and review the internal control responsibilities to ensure that these practices comply with and meet the requirements established by the BPRM Item B-350.

5. As noted above, RIOC's Internal Controls Officer holds individual meetings with department directors, unit managers, and other RIOC staff as needed, to properly complete the annual review process. These meetings consist of individual assessments of each department and unit to determine any potential risks and/or mitigating practices that should be adopted or implemented to diminish those risks. The information gathered from these meetings is then presented to management in order to assess what training if any is necessary to further promote Internal Controls. Similar practices also occur in the event an issue is brought to management's attention. These practices are in place because RIOC is fully committed to the importance that all personnel receive the appropriate and necessary training, needed for the efficient, daily operation of the Corporation.