

MONROE COUNTY WATER AUTHORITY

Audit Committee Meeting Tuesday, March 3, 2020 8:00 a.m.

ATTENDEES:

Committee:

Sheryal A. Volpe, Acting Chair
Matthew J. Fero
Scott D. Nasca, Ex-Officio

Staff:

Larry Magguilli
Amy Molinari
Diane Hendrickson

Other:

Eric Hebert, Esq., HS&E
Randall Shepard, Bonadio & Co.

Absent:

Joseph R. Rulison, Chairman

The meeting of the Audit Committee was called to order by Acting Chairperson, Sheryal Volpe, at 8:00 a.m.

1. REVIEW OF 2019 AUDITED FINANCIAL STATEMENTS

Mr. Randall Shepard reviewed Bonadio's letter of findings and stated the audit found no sensitive disclosures and no misstatements affecting the financial statements and, therefore, no Management Letter was being issued. He stated it was a clean audit, meaning the financial statements were presented, in all material respects, in accordance with the applicable financial reporting framework. Mr. Shepard then presented a complete review of the financial statements for the year ended December 31, 2019. Following the review and some discussion, the Audit Committee proceeded as follows:

Motion was made by Mr. Fero, seconded by Mrs. Volpe, and passed unanimously to approve the Financial Statements for the year ended December 31, 2019, as presented, and to forward to the full Board for its approval.

2. REVIEW OF THE 2019 ANNUAL INVESTMENT AUDIT

Mr. Shepard informed the Committee that the State Comptroller's Office requires each public authority have its independent auditors review its investment policies, investment practices, and investments to confirm compliance with New York State laws and the Authority's own investment policies. Bonadio & Company found that for the year ended December 31, 2019, the Authority was in compliance with all material aspects. The Audit Committee proceeded as follows:

Motion was made by Mr. Nasca, seconded by Mr. Fero, and passed unanimously to approve the 2019 Annual Investment Audit, as presented, and to forward to the full Board for its approval.

3. REVIEW OF THE 2019 ANNUAL INVESTMENT REPORT

Ms. Molinari gave an in-depth review of the Annual Investment Report for the year ended December 31, 2019, and responded to follow-up questions from the Committee. The Audit Committee proceeded as follows:

Motion was made by Mr. Fero, seconded by Mr. Nasca, and passed unanimously to approve the 2019 Annual Investment Report, as presented, and to forward to the full Board for its approval.

4. REVIEW OF THE ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

Ms. Molinari informed the Committee that the annual review was performed for 2019, and she provided a memorandum detailing the assessment procedure and findings of no inordinate risks to Authority assets or operations during the review period. The Audit Committee proceeded as follows:

Motion was made by Mr. Fero, seconded by Mr. Nasca, and passed unanimously, to approve the Assessment of the Effectiveness of Internal Controls structure and procedures for the year ended December 31, 2019.

5. REVIEW OF MCWA CYBER INSURANCE POLICY

Ms. Molinari informed the Committee that the Authority submitted an application for Cyber & Privacy Insurance to our Broker of Record, Brown & Brown, requesting they obtain quotes for this coverage. As a result, the Authority received two premium quotes for a one-year policy and \$5 million limit of liability. After reviewing both proposals with the Authority's insurance consultant, Arthur J. Gallagher Risk Management Services, Inc., it is their recommendation that the proposal from Chubb & Son, Inc. offers stronger coverage. After some discussion, the Committee proceeded as follows:

Motion was made by Mr. Fero, seconded by Mr. Nasca, and passed unanimously, to approve the proposal from Chubb & Son, Inc., and to forward to the full Board for its approval.

6. CONFIRM THE NEXT AUDIT COMMITTEE MEETING

It was agreed that the next scheduled meeting of the Audit Committee will be Thursday, May 7, 2020 at 8:00 a.m.

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There being no further business to come before the Committee, motion was made by Mr. Fero, seconded by Mr. Nasca, and approved unanimously, to adjourn the meeting at 8:27 a.m.



Karin Anderson, Management Assistant