

**RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY**  
**AUDIT COMMITTEE RESPONSE:**  
**2010 EXTERNAL AUDIT FINDINGS**

The Riverhead Industrial Development Agency (RIVIDA) is relatively small and has limited staff and resources. RIVIDA fully recognizes and acknowledges its obligation to separate the various accounting and finance functions of its operations. In an effort to meet the degree of separateness of function as mandated in NYS State laws rules and regulations, the RIVIDA has instituted the following measures: an audit committee has been organized: members from the RIVIDA Board of Directors (separate from the audit committee) review all warrants for appropriateness on a regular basis and sign off on all expenditures; an independent external auditing firm has been retained and an independent CPA consultant has been retained as Chief Financial Officer to manage all procurement documents prior to review by the Executive Director and the RIVIDA Board of Directors' members . RIVIDA recognizes that these measures, however well intended, perhaps do not meet the expectations of NYS 100%, but do represent the maximum an agency of RIVIDA's size and limited resources can accomplish. RIVIDA is committed to continuously improving its ability to keep the 5 finance functions separate to the greatest degree feasible.

In an effort to address greater controls on monitoring project performance, RIVIDA acts in accordance with the Public Authorities Reform Act and is in full compliance with the NYS Authorities Budget Offices' regulation to submit reports within the Public Authorities Reporting Information System (PARIS). RIVIDA has additionally contracted and is piloting a tracking program (Protrack) for project development and monitoring which will commence in 2011. It is the intent to establish and require (from benefiting entities) a more extensive annual compliance sheet and report that will be certified with an affidavit and tracked within the new Protrack Reporting Program.

To address the final matter within the audit findings regarding checks made payable to cash, the petty cash fund has been eliminated to avoid any appearance of impropriety.

Finally, it should be noted that in an effort to initiate greater internal controls overall, the RIVIDA Board of Director's took action to re-staff the Agency with a new executive director.