

2009-10 INTERNAL CONTROL SUMMARY & CERTIFICATION FORM

The Internal Control Summary and Certification Form provides supporting justification for an agency's or authority's level of compliance with the requirements of the Internal Control Act as outlined below.

This form requests information regarding specific actions taken, or needed to be taken, by agencies/authorities to comply with each of the Act's requirements as described in Budget Policy and Reporting Manual (BPRM) Item B-350.

A completed and signed Internal Control Summary and Certification Form should be submitted by **April 30, 2010**, via e-mail as an attached PDF file to the Division of the Budget's internal control reporting mailbox at dob.sm.icreporting@budget.state.ny.us.

Hudson River Park Trust	4/30/10	Noreen Doyle	917-661-8756
Agency Name	Date	Completed by (Name)	Phone

A. Establish and maintain guidelines for a system of internal controls for the agency or authority. Internal control guidelines communicate an organization's management and programmatic objectives to its employees and provide the methods and procedures used to assess the effectiveness of its internal controls in supporting those objectives. Internal control guidelines should:

1. State the agency head's support of internal controls to provide staff with an understanding of the benefits of effective controls;
2. Identify the agency's primary responsibilities and the objectives;
3. Explain how internal controls are organized and managed;
4. Define responsibilities of agency management and supervisors and agency staff;
5. Acknowledge that internal controls adhere to accepted standards; and,
6. Describe the organization's process for evaluating internal controls.

For this requirement, the agency/authority is:

Fully Compliant

Partially Compliant

Not Compliant

Provide a thorough explanation of the specific actions your agency has taken, or are needed, to comply with this requirement.

The Hudson River Park Trust strongly endorses the practice of good internal control. The Trust's President has communicated the importance of internal controls standards to our staff, and Trust's Executive Vice President serves as its Internal Control Officer. All Trust activities are governed ultimately by the requirements of the Hudson River Park Act, which established the Trust and its mission, and which lays out the mandates and parameters for Trust operations. At its first meeting in May 1999, bylaws were adopted by the Board of Directors, and the Trust continues to operate in accordance with the bylaws today.

In accordance with the requirements of the 2009 Public Authorities Reform Act and subsequent policy guidance issued by the New York State Authority Budget Office, the Trust's Board of Directors adopted the following "Hudson River Park Trust Mission Statement and Performance Measurements" at its meeting on March 25, 2010. The format and information of the materials presented to and adopted by the Board followed the model and instructions provided by the NYS Authority Budget Office:

Date Adopted: 1998 – Hudson River Park Act

List of Performance Goals:

- Plan and Design the Park
- Construct the Park
- Operate and Maintain the Park
- Provide free and/or low cost public recreational, educational and cultural opportunities
- Promote environmental stewardship and enhance the estuarine sanctuary
- Establish an estuarine sanctuary management plan
- Promote economic development and tourism in the state of New York
- Operate on a model of economic self-sufficiency

Board members were previously aware of the Trust's mission as specified in the Hudson River Park Act (to design, build, operate and maintain the park), but prior to 2010, they had not been required to sign a document attesting to that fact.

Internal controls at the Trust are organized and managed at multiple levels, starting with our Board. The Board has the power to appoint officers of the corporation. The President has the power to appoint non-officer-level staff positions. The Trust Board has a Governance Committee that becomes involved in new hires and other employee actions at the corporate officer-level. Corporate officer appointments must be approved by the entire Board of Directors at a public meeting. The Board has an Audit Committee that reviews and approves the Trust's operating budget, annual financing plan and annual audited financial statements. The entire Board also reviews and approves budgets, corporate employee policies, all contracts of \$100,000 and greater, investment and procurement policies, major property transactions, and legislative initiatives. It meets at least six times a year as a full Board, with supplemental committee meetings as necessary throughout the year.

The Trust staff is organized into seven departments which together oversee the daily operational business of the planning, design, construction and operations of the park: Executive, Design and Construction, Operations and Maintenance, Finance, Environment and Education, Legal, and IT.

At the Trust, developing appropriate internal controls is the primary responsibility of Department Heads. These managers have the primary responsibility for making sure that the individuals performing the work of each department have the skills and capacity to do so, and to provide their employees with appropriate supervision, monitoring and training to reasonably assure that the Trust has the capacity to carry out its mission. Executive staff (primarily the

President and Executive Vice President) approves decisions on new initiatives, staffing, policies, exceptions, budgeting changes, and sensitive political or community issues.

Beginning in 2009, the Trust's President required each Department Head to work with their respective staff members to identify and categorize agency functions by risk, and then to develop action plans for each risk area. While the Internal Control Officer has the responsibility of implementing and reviewing the Trust's internal control efforts under the oversight of the President, the department heads are responsible for the adequacy and appropriateness of the control system within their individual areas of expertise and operation.

The Hudson River Park Trust was added to the list of agencies and public authorities subject to the Internal Controls process effective 2008/2009. While many internal control systems were in place before that time, the Trust only commenced the "Four Step" process last year, and our internal control processes are still evolving as further described in this report. At present, our most formal systems for controls and review are in the areas of procurement, revenue and expense management, personnel/payroll, property control, certain IT systems, document management, and in the area of natural, cultural and historical mandates in accordance with our legislative requirements. At this time, the Trust's President and Executive Vice President/Internal Controls Officer and certain Department Heads continue to assess and consider tools for managing risk in other areas, including property/public space management, IT – particularly disaster recovery. We have recently invested in a Computerize Maintenance Management System (CMMS) as a primary tool for managing and monitoring property/public space, and various staff members are being trained in this complex system at present.

We believe that the controls that have been implemented to date adhere to accepted standards but acknowledge that additional work is required before we will have agency-wide compliance and formal documentation of some procedures.

B. Establish and maintain a system of internal controls and a program of internal control review for the agency or authority. The system of internal control should be developed using the COSO (Committee of Sponsoring Organizations of the Treadway Commission) conceptual framework adopted in the *Standards for Internal Controls in New York State Government*, and should incorporate COSO's five basic components of internal control: control environment, risk assessment, control activities, information and communication and monitoring.

The program of internal control review shall be a structured, continuing and well documented system designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the agency's or authority's internal controls.

Organizations can adopt a system of internal control review tailored to their needs, size and degree of centralization. The procedures for evaluating the adequacy of that system also vary, but at a minimum should:

1. Identify and clearly document the primary operating responsibilities (functions) of the agency or authority;
2. Define the objectives of these functions so they are easily understood by staff accountable for carrying out the functions;
3. Identify/document the policies and procedures used to execute functions;
4. Identify the major functions of each of the agency's assessable units;
5. Develop a process or cycle to assess risk and test controls for major functions;
6. Assess the risks and consequences associated with controls failing to promote the objectives of major functions;
7. Test controls to ensure they are working as intended (see the "Manager's Testing Guide" which can be downloaded from BPRM Item B-350);
8. Institute a centrally monitored process to document, monitor and report deficiencies and corrective actions.

For this requirement, the agency/authority is:

Fully Compliant



Partially Compliant

Not Compliant

Provide a thorough explanation of the specific actions your agency has taken, or are needed, to comply with this requirement and specifically address the following points:

1. Describe the process used to review the agency's/authority's internal controls.
2. List all high-risk activities and indicate which were reviewed during 2009-10.
3. Identify the significant deficiencies revealed during the 2009-10 review process. Outline the actions taken, or planned, to eliminate deficiencies, highlighting the most important improvements made during the year.
4. Describe the monitoring system installed by the agency to verify that corrective actions are taken. Discuss the extent to which IT systems are used to track corrective actions.
5. Summarize specific actions the agency has taken to install a compliance testing program. Describe actions taken during 2009-10 to verify test results and expand the testing program.
6. Describe measures instituted to sustain the effectiveness of the internal control program during 2009-10. Include information on reorganizations and other revisions in the program to enhance operations.
7. Describe efforts agency/authority management has taken to coordinate and integrate the documentation and reporting of activities the Office of the State Comptroller's *Standards for Internal Controls in New York State Government* recognize as supporting a good internal control system: evaluation, strategic planning and internal audit.
8. Describe efforts agency/authority management has taken to effectively communicate information within the organization. Information should be

communicated to management and other employees who need it in a form and within a time frame that helps them to carry out their responsibilities. Communication is not an isolated internal control component. It affects every aspect of an organization's operations and helps support its system of internal control. The feedback from this communication network can help management evaluate how well the various components of the system of internal control are working.

Last spring, each Trust Department Head completed the 4-step process for internal control recommended by the State Comptroller's Office and the State Budget Director. The Trust's President and Executive Vice President/Internal Controls Officer then reviewed each of the identified weaknesses from the Functional Vulnerability Assessments that were completed and required Department Heads to provide a progress report on progress that had been made in implementing the recommended actions they identified to address those weaknesses. This occurred in February 2010, with subsequent review by Executive staff since then. This review has included working with Department Heads to understand and address some of the risks in areas of primary concern. We are still working to develop systems to formally test risk areas pursuant to the "Manager's Testing Guide" and to develop a centrally monitored process for documenting and reporting.

Department heads collectively identified four high risk activity areas: (1) maintenance of aging park buildings/infrastructure, particularly at Pier 40; (2) CMMS system (initial data entry phase in particular); (3) personnel management in our Operations and Maintenance area in particular; and (4) managing and developing consistent Human Resources policies and programs. Separate from these analyses, the Trust's President and Executive Vice President identified two additional major risk areas – the first of which is an expansion of No. 1 in this paragraph.

The single largest risk to the operations of the Trust is the efficiency and reliability of its parking garage operations at Pier 40. Pier 40 Parking provides nearly half of the Trust's annual operating revenue, which is used to pay staff, operate public programs and maintain the park. Unfortunately, the garage that houses the Pier 40 Parking use and the Trust's offices is in deteriorated condition, due to the lack of routine and capital maintenance performed on the structure over the past 45 years. This State-owned building was inherited by the Trust 6 years ago after decades of occupancy by other public agencies, most notably the Port Authority of NY&NJ and NYS Dept. of Transportation. Very little capital maintenance was done on the facility over the last 35 years. Consequently, the Trust is faced with repairs of a magnitude that it cannot afford on its small budget. The lack of funds to improve this facility's poor condition, if not addressed, will ultimately result in the closure of portions of the building that are used to generate the revenues that support the park's operations, maintenance and staffing. The President and Executive Vice President have been intensively engaged with a subcommittee of our Board of Directors, elected officials and community leaders in trying to identify solutions to this problem.

An additional major risk area involved the capital maintenance of the waterfront structures and overall long-term maintenance of the new park. When the Hudson River Park Trust was established, the basis for the legislative agreement that created the park was that public capital

funds from the State, City and Federal governments would be used for the creation of the new 550-acre park. The park's operations, maintenance and staffing would be supported by private revenues generated within the park itself through rents, leases, permit fees, sponsorships, grants and contributions, user fees, etc. Neither the capital budget nor the operating funds provided the resources necessary for capital maintenance once the park was constructed. This is a gap that has heretofore been filled by using excess Trust operating revenues for the past ten years. However, as the park is fully built out and the annual operating demands grow, the Trust will no longer have any excess revenues to devote to capital maintenance. This will result in deferred park maintenance and deterioration. A new source of revenue needs to be identified to meet this need in the next several years. We have again been working with our Board of Directors to explore solutions in this area including the possibility of independent fundraising as permitted by the Hudson River Park Act.

The risk assessment resulted in a realization that we did not have adequate staffing at the juncture where finance and property decisions related to the park meet. Specifically, we determined that we required a dedicated, high level staff member to ensure that we are paying enough attention to meeting the Act mandate that we endeavor to be a fully self-sufficient park. Part of doing so requires that we develop solutions for the aging structures at Pier 40 and Pier 57; Pier 40 is in particularly poor condition and revenue from that pier alone accounts for approximately 40 percent of the Trust's overall operating budget. In March, we sought and secured approval from our Board of Directors for a new position that would oversee finance and real estate development, commercial property management and other related essential operations.

Another decision was to invest in the CMMS system; - the system was purchased approximately one year ago. While training, customizing the system, and entering data from scores of park facilities, utilities, HVAC systems etc. will be very time consuming for our small staff, the eventual reward will be multifold: the ability to track reported problems, improved accountability, facilitating sharing of essential information among appropriate staff, long-term planning that does not rely on staff continuity to the same extent currently required, etc.

Over the winter, Executive staff worked with the Vice President of Finance and the Internal Controller to update the "Finance Department Operating Directory" to reflect some improved internal controls that had been implemented to achieve greater "checks and balances" in accordance with changing requirements and standards as communicated by the Comptroller, Department of Budget and others, as well as the Trust's own observations.

Finally, the Trust has focused on improving a number of aspects of "Human Resources" over the last year as a result of a number of weaknesses observed including turnover, inconsistent policy applications in certain cases, problems with some interdepartmental communications, and the overall office "culture." First, the Trust prepared an updated "Hudson River Park Trust Employee Handbook" which was approved by our Board of Directors on July 30, 2009. The President, Executive Vice President and General Counsel conducted required training for all staff members on the Handbook's contents in January 2010. Second, we worked with our outside employment law counsel to conduct another required training for all staff members specifically in the area of EEO compliance. More recently, we contracted with a separate consultant to provide training on issues related to EEO compliance, creating a positive

workplace climate, workplace violence at both the staff and managerial levels. As a result of the some leadership training provided specifically to the President and Executive Vice President, we also made some difficult but important staffing decisions.

As a next step, we intend to use the functional/risk assessment developed by each department as a teaching tool to help remind all staff of the need to work as a team to achieve our goals including within the context of internal controls and personal accountability. While all managers have a significant impact on our system of internal control, we believe we need to reinforce that every Trust employee also has a responsibility and a role in ensuring that the organization is achieving its mission.

With respect to monitoring, the Trust has a number of systems already in place that help achieve this function:

- Procurement Guidelines adopted by the Board on July 30, 2009 including compliance monitoring processes
- Required external annual audit by auditor approved by the Board
- Required (by statute) quarterly reports of contractual activities and an annual financing plan to members of the State and City governments, its own Board of Directors, and an Advisory Council made up of citizens, community groups and elected officials
- Hudson River Park Act and By-laws which together delineate the systems by which decision-making authorization is granted
- Regular senior staff assessments conducted by the President and Executive Vice President for all Department Heads
- Adoption by our Board of Directors of an Annual Financing Plan and Operating Budget and posting of this information on our website
- Prompt Payment Policy
- Investment Guidelines approved by the Trust's Board of Directors
- Hudson River Park Rules and Regulations governing operations within the park
- Estuarine Sanctuary Management Plan
- Electronic timekeeping records including "hand scans" for field staff

Compliance regarding the above is monitored by the Trust's external auditors who annually audit the Trust's books and records, by regular auditing of the State Insurance Fund, Worker's Comp regulators, City and State Controllers Offices, Mayor's Office of Contracts, by the Trust's General Counsel and Ethics Officer who monitors compliance with laws, policies, procedures, guidelines, the Hudson River Park Act and the Trust's Corporate By-laws. In addition, Trust's Finance Dept. has established an internal functional directory of activities identifying which staff members are required to approve various levels of expenditures. It has also identified a staff accountant whose principal role is reviewing and auditing the Trust's accounts on a daily basis.

As a 50/50 partnership between the State and City of New York, the Trust is also required to comply with a number of additional local laws, policies and regulations of the City of New York. This results in an added layer of oversight and regulatory restrictions that provide

supplementary operational controls over areas such as procurement, contracting and purchasing. Following is a list of these additional legal requirements imposed by New York City:

- Local Law 34 of 2007- limits municipal campaign contributions from principal officers, owners and senior managers of entities that do business with the City and mandates the creation of a Doing Business Database to facilitate enforcement of the law. With the exception of non-qualified competitive, sealed bids (i.e., any contract entered into pursuant to a sealed RFP where the lowest qualified bidder is selected is excluded) all Trust procurements over \$5,000 (including purchase orders, sole and single sourcing, piggybacking, centralized contracts, and government lists), are subject to the requirements.
- VENDEX – all capital contracts in excess of \$100,000 are required to go through the City's vendor review process, known as VENDEX, prior to contract execution to confirm that the proposed contractor is responsible. A responsible contractor is defined as one that has the technical capability and financial capacity to fully perform the requirements of the contract, as well as the business integrity to justify the award of public tax dollars.
- The Trust is also subject to the requirements of the New York City Human Rights laws, the NYC Uniform Land Use and Review Procedure, and the NYC Design Commission [on NYC-owned property only].

Over the course of the coming year, the Trust expects to develop more formal appropriate test procedures, protocols and schedules for certain activities in each department specifically in accordance with the protocols identified in the "Manager's Testing Guide" (BPRM Item B-350). At this time, we have created an electronic matrix of all functions identified by Departments, along with the assigned risk levels, specific risks identified, and corrective actions proposed by Department Heads. The President and Executive Vice President will use this matrix as a tool when reviewing annual performance goals and tracking progress. In 2010, the Trust will also supplement this process through an outside "economy and efficiency" audit and subsequent strategic planning exercise in conjunction with the Trust Board.

The Trust places a high value on communications regarding personal and corporate accountability with staff at all levels: Board to Executive, Executive to Department Head, Department Head to Department Head, Peer to Peer, and Peer to Executive. We are also constantly mindful of our obligations to the general public and park "customers"; the President, Executive Vice President and – where appropriate, General Counsel and other Department Heads -- directly attend Advisory Council, Community Board, Working Group and other meetings with the public to ensure high-level access, information, feedback and service are provided in a transparent fashion. The Hudson River Park Act provides clear guidance and direction to all Trust employees regarding our duties and scope. The President, Executive Vice President, General Counsel and Vice President of Finance communicate with staff throughout the year on financial, ethical and other duties and requirements, including providing training in such matters as procurement and ethics for all involved staff.

C. Make available to each officer and employee of the agency or authority a clear and concise statement of the generally applicable management policies and standards with which the officer or employee of such agency or authority shall be expected to comply along with detailed policies and procedures the employees are expected to adhere to in completing their work. The statement should set the tone at the top. It should be issued periodically and emphasize the importance of effective internal controls to the agency or authority and the responsibility of each officer and employee for effective internal controls.

Managerial policies and procedures for the performance of specific functions are articulated in administrative manuals, employee handbooks, job descriptions and applicable policy and procedure manuals. While it is not necessary for all employees to possess all manuals, employees should be provided with, or have access to, applicable policies and procedures for their position.

For this requirement, the agency/authority is:

Fully Compliant **Partially Compliant** **Not Compliant**

Provide a thorough explanation of the specific actions your agency has taken, or are needed, to comply with this requirement.

All officers and employees of the Trust have access to written policies, mission statement, manuals and procedures, and training on these standards and tools is also available. Employees also have access to their job descriptions. Additionally, all Department Heads have received a statement from the President defining the Trust's responsibilities pursuant to the New York State Governmental Accountability, Audit and Internal Control Act of 1987 regarding the requirement to promote and practice good internal control and to provide accountability for their activities.

D. Designate an Internal Control Officer (ICO), who shall report to the head of the agency or authority or to their designee within the executive office, to implement and review the internal control responsibilities established pursuant to this Item. The designation of the ICO should be communicated to all employees.

The ICO works with appropriate personnel within the agency or authority to coordinate the internal control activities and to help ensure that the internal control program meets the requirements established by BPRM Item B-350. Although the ICO evaluates the adequacy of the internal control reviews performed by agency or authority staff, program and line managers are primarily responsible for conducting reviews to assure adherence to controls and analyzing and improving control systems. The ICO should be an individual with sufficient authority to act on behalf of the agency head in implementing and reviewing the agency's internal control program. This individual should have a broad knowledge of agency operations, personnel and policy objectives.

For this requirement, the agency/authority is:

Fully Compliant Partially Compliant Not Compliant

Provide a thorough explanation of the specific actions your agency has taken, or are needed, to comply with this requirement.

The Trust's Executive Vice President has been designated as the Internal Control Officer. This position reports directly to the President/CEO of the corporation and has the authority to act on behalf of the agency in implementing internal control program requirements. This individual also has broad knowledge of agency operations, personnel and policy objectives and is authorized to work directly with the Board of Directors as necessary.

E. 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.

Agencies and authorities should identify staff requiring internal control training and the depth and content of that training. Such education and training should be on-going with specific courses directed at line staff, middle managers and executive management. For organizations that have established internal audit functions, training and education should be offered on the appropriate role of the internal auditor within the organization's internal control system.

For this requirement, the agency/authority is:

Fully Compliant



Partially Compliant

Not Compliant

Provide a thorough explanation of the specific actions your agency has taken, or are needed, to comply with this requirement.

At the Trust, training in internal controls occurs at the department and "all staff" levels. Department Heads regularly assess their training needs based on the specific functions and levels of risks identified. For example, supervisors in the Operations & Maintenance Department identify relevant OSHA training for staff members who work in the field where the risk of injury is greater than for those at desk jobs. Training in the legal area might include new ethical requirements or opinions, contracting requirements or Executive Orders. Members of our Legal Department serve on the NYS Council of Contracting Agencies, the State Ethics Officers Association, and the NYS Department of Education's Archiving Office Advisory Committee. The Vice President of Finance receives and disseminates information from the State and City Comptrollers' offices and Budget Departments and participates in required agency trainings and updates such as those given by the NYS Office of Taxpayer Accountability.

All Department Heads participate in the 4-step process for internal controls in conjunction with their department members. The Trust expects to identify further training in the coming year specifically related to the "Manager's Testing Guide."

Finally, as described above, over the past year, the Trust has conducted required "all staff" training and updates regarding the new Employee Handbook, EEO requirements, Procurement Guidelines, NYS Ethics Requirements, Workplace Violence, Vehicle and Electronic Communications policies, and workplace culture. The President and Executive Vice President will continue to identify areas where such training should occur.

- F. Periodically evaluate the need for an internal audit (IA) function. If an IA function exists, it should be maintained in compliance with generally accepted professional auditing standards. Agencies on the Division of the Budget's list of agencies required to establish IA functions – and those choosing to have an IA function – are required to comply with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (see BPRM Item B-350 Section III "IA Responsibilities").**

As outlined in BPRM Item B-350, agencies and authorities are required to periodically evaluate the need to establish, maintain or modify an IA function utilizing the *Internal Audit Evaluation Criteria* (Attachment C).

Agencies concluding that an IA function is warranted should submit their evaluation to DOB as outlined in BPRM Item B-350. Periodically thereafter, agencies with IA functions should review current operations to determine whether the function should be altered or maintained.

Agencies concluding an IA function is not warranted should periodically reevaluate the need for such a function using Attachment C, especially when organizational, operating, fiscal, program, legal or personnel changes occur which affect the agency's exposure to risk or which could otherwise change the results of the initial assessment.

Pursuant to BPRM Item B-350, agencies required to have – and those entities choosing to have – an internal audit unit should comply with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Therefore, IA units should comply with the guidance outlined below regarding organizational placement, independence and reporting.

1. Directors of Internal Audit (DIA) should report functionally to the agency head or audit committee and may report administratively to the designated executive deputy (or equivalent position). If the executive deputy has line or staff duties, the DIA should report directly to the agency head.
2. A current organizational chart should be available that identifies the placement of the IA unit, the individual that has responsibility for overseeing the internal audit activity and other organizations/activities under its purview.
3. The IA function should be independent of the ICO, but should work closely with the ICO. Limitations should be established on IC activities where those duties overlap. Agencies should identify impairments to the independence of the DIA that may be created where the DIA is performing the ICO function. Furthermore, IA units should not assume operating responsibilities, perform management functions, make management decisions or assume other monitoring roles (e.g., Information Security Officer).
4. Internal audit staff should complete an annual independence statement identifying actual/potential impairments to independence and notifying the DIA whenever a new actual/potential impairment arises.

5. At a minimum, DIAs should hold quarterly meetings with agency executive management and the audit committee, where applicable, to report on audit results. Final reports should be distributed to the agency head, executive deputy, auditee, ICO and the audit committee.
6. The DIA should assure that agency audit staff have the skills, knowledge and ability to perform the audit work required and that the size of the audit staff is appropriate given the size and complexity of the organization.
7. IA units should take steps to ensure sufficient audit resources are available given the size and complexity of the organization. This can be accomplished by exploring in-sourcing, outsourcing and sharing audit services.

For this requirement, the agency/authority is:

Not Applicable – This agency/authority does not have an IA function.

Fully Compliant **Partially Compliant** **Not Compliant**

Provide a thorough explanation of the specific actions your agency has taken, or are needed, to comply with this requirement by providing the following information:

1. A current organizational chart identifying the placement of the IA unit, the name and title of the IA director, other organizations/activities under the IA function's purview and the name and title of the person to whom the IA director reports.
2. A description of how the internal audit director's credentials, education and experience meets the minimum qualifications established in BPRM Item B-350.
3. A description of how continuing professional education requirements are met by the director and each staff member.
4. A description of how quality assurance review requirements are being met.
5. A description of how the IA function ensures that it does not compromise its independence if it is also responsible for other functions (i.e., internal control, information security or other duties).
6. A copy of your 2009-10 and 2010-11 internal and contract audit plans. (Please note: Dennis Whalen's memo of April 1, 2009 called on internal audit units to include the impact of Federal American Recovery and Reinvestment Act (ARRA) funding in their risk assessment and audit planning. If your agency is receiving ARRA funds, please be sure that your 2010-11 internal audit plan addresses this issue.)

7. Documentation pertaining to the risk-assessment utilized in formulating the 2010-11 audit plans.
8. An indication of which audits in the audit plan for FY 2009-10 were not conducted, and an explanation as to why they were not conducted.
9. An estimate of the cost savings to be achieved by virtue of implementing the recommendations contained in each conducted audit described in the FY 2009-10 audit plans and any audits that were conducted during that time period that were not in the audit plan. If it is not feasible to provide a cost estimate for savings, please identify process improvements, risk mitigation, fraud prevention or cost avoidance measures that result from implementation of such recommendations.
10. Identify the recommendations contained in the audits described in the FY 2009-10 audit plans that were not implemented, if any, and provide a full explanation why they were not implemented.
11. Identify the recommendations contained in final audits issued by the Office of State Comptroller between July 1, 2008 and March 31, 2010 that were not implemented, if any, and provide a full explanation why they were not implemented.

The Governor's Office of Taxpayer Accountability (OTA) and the Division of the Budget (DOB) will be conducting a review of these State agency and authority internal and contract audit plans and audit recommendations to assess (i) whether the audit plans are based on a documented risk assessment which captures areas for review that have the greatest risk exposure, (ii) the percentage of audits identified in each audit plan that were conducted, (iii) whether recommendations contained in audits were implemented, and any reasons for non-implementation, and (iv) cost savings and other benefits attributable to the audits. In addition, the OTA and DOB will assess whether recommendations contained in audits conducted by the Office of the State Comptroller were implemented, and any reasons for non-implementation.

The Trust does not receive any ARRA funds.

In January 2010, the Trust conducted and submitted an Internal Audit evaluation in accordance with Budget Policy and Reporting Manual Item B-350, Attachment C, to determine whether an internal audit unit is needed. As reported (see attached), the determination was that the Trust is very small (58 full-time employees) and does not require this function. The Trust is already required to have an annual audit conducted by external auditors. It also already dedicates one staff position in the Finance Department to internally reviewing/auditing the Trust's accounts and making corrections or advising executive staff of weaknesses. In addition, the Trust's Executive Vice President is its formally designated Internal Control Officer; this function is one of a number of other responsibilities in her portfolio given the agency's small size. The function of the internal financial department auditor is also to review and balance financial statements; post final journal entries; reconcile general ledger accounts and prepare schedules for the

annual year-end external audit. Recommendations made by the external auditors are then incorporated into the Trust's processes.

- Add additional pages if needed -

2009-10 INTERNAL CONTROL CERTIFICATION

Hudson River Park Trust
Agency/Authority Name

Connie Fishman, President
Agency Head/Chairperson Governing Board

Pier 40, 353 West Street, New York, NY 10014 212-627-2020
Agency/Authority Address Telephone Number

Noreen Doyle 917-661-8756
Name of Internal Control Officer Telephone Number

n.doyle@hrpt.state.ny.us
Email Address of Internal Control Officer

I hereby certify the agency or authority is:

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

With the New York State Governmental Accountability, Audit and Internal Control Act.

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 preceding Internal Control Summary.

Connie Fishman
Signature/Agency Head or Chairperson of Governing Board

4-30-10
Date