

# BROWN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

June 17, 2015

To the Host Community Standing Committee  
Niagara Falls, New York

## MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the Host Community Standing Committee (HCSC) for the three year period July 1, 2011 to June 30, 2014 on which we have issued our report dated June 17, 2015 we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the HCSC's internal control.

Such consideration would not necessarily disclose all matters in the HCSC's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We found the project files generally to be in good order with improvement as to documentation once the formal SCP was adopted in May 2008. We did note the following matters related to the HCSC's internal control and certain other accounting, administrative, and operating matters we feel could be improved and strengthened.

### 1) FUND TRANSFERS

When member entities withdraw funds from their HCSC bank account to their own municipal bank account for approved projects we suggest that the HCSC obtain a copy of the entities withdraw request maintain it in the project file.

### 2) PROJECT MONITORING

HCSC presently has three projects (11-015, 13-001, 13-004) for the school district members that require multi-year funding drawdowns. At any given time, the remaining funds outstanding for each project may be determined but it is not readily available or reported on the project status reports or other reports.

HCSC needs to keep accurate record of the funds disbursed and funding outstanding on these and any other multi-year project and report it as part of the monthly project status report. We suggest another field be added or attachment to the project status report showing the remaining unpaid funds due on each such project. Remaining unpaid fund amount would be the total project approved dollar amount less actual amounts drawn to date.

Additionally, Lew-Port School had another multi-year project from 2008 (Phase I) which should be monitored and reported in the same manner.

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3) PROJECT APPROVAL

All multi-year funded projects should not only clearly reference the total dollar amount of the project but the documents from the sponsoring entity and HCSC resolutions should state the number of years over which the project is to be funded.

The nature of this letter is to suggest and recommend improvements and we have already discussed these comments and suggestions with appropriate staff members.

We thank the staff of the HCSC for their cooperation during our audit and appreciate the opportunity to be of service. This report is intended solely for the information and use of the HCSC and is not intended to be and should not be used by anyone other than these specified parties.

*Brown + Company, LLP*