

# The Central New York Regional Transportation Authority

## Management Report on Internal Control Fiscal Year Ending March 31, 2024



June 21, 2024

Consistent with New York State Public Authorities Law §2931, the Central New York Regional Transportation Authority (CNYRTA) has established a system of internal control and ongoing management that is in line with the *Standards for Internal Control in New York State Government (2016)* issued by the New York State Office of the Comptroller, and the *COSO Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The CNYRTA Internal Control Program of review consists of activities designed to evaluate internal control for effectiveness and efficiencies in line with the applicable standards. The design of the program is continuously monitored by the Internal Control Officer to ensure activities are appropriate and effective. Internal Control Program activities may include but are not limited to:

- *Strategic planning*
- *Control testing*
- *Risk assessments*
- *Control design and development*
- *Management advisory and special projects*
- *Policy development and document control*

The Director of Internal Control continuously considers levels of inherent and residual risk across business objectives to determine the type and frequency of any assessments, control testing and other program activities to be performed. Internal Control Review plan activities are subject to modification at any time based on available resources and risks identified during the regular course of business or program activities.

### **FY 2023-24 Internal Control Certification**

This report serves as management’s assessment of the effectiveness of the CNYRTA system of internal control across as required by New York State Public Authorities Law §2800(1)(a)(9) for FYE 2024.

#### *Control Environment*

Based on observations, questionnaires, and management interviews performed during FYE 2023-24, the CNYRTA control environment appears in line with internal control standards on integrity, ethics, accountability, transparency, performance, and qualified Board oversight. Management continues to consider various avenues for training and skill building to provide to staff, further developing workforce competencies and planning for future growth. In addition, the organization continues to evaluate its accountability measures and enhance its incentive and performance programs.

#### *Risk Assessment*

In addition to risk assessments performed by management during the normal course of business, risk is evaluated by the Internal Control Department as part activities within the Internal Control Program. These risk assessments consider various types of risks - including fraud risk - across all identified organizational objectives. Risk levels established by the Internal Control department, and risks identified by management directly are considered in the development of review activities and business process design.

#### *Control Activities*

Control activities are reviewed by management during the regular course of business and by the Internal Control Department through control testing. Control testing includes but is not limited to activities such as inspection of records, document review, tests of details, management interviews, and unannounced and planned observations. Tests performed vary by function and risk level. No material exceptions were noted in any control testing performed in FYE 2024. Policy and

procedure documentation and management continues to improve through the ongoing application of Internal Control Program activities. Management continues to participate in any ongoing action plans addressing non-material exceptions and opportunities for increased efficiency.

### *Information & Communication*

Management continues to focus on improving the usefulness of available data and information including accessibility and communication methods. Enhancements to internal communications continue with expanded email and Intranet access. Research into additional enhanced technology solutions in data analytics and information access for employees continues. Information typically flows freely and transparently to external parties, including the public, regulators, and vendors, and all community stakeholders.

### *Monitoring*

In addition to conducting internal ongoing separate evaluations across all functions, the Internal Control Department serves as a resource to assist management in properly monitoring internal control as part of everyday business. Management routinely discusses potential opportunities for improvements in internal control outside of scheduled separate evaluations, indicating an understanding of internal control responsibility across management staff.

In addition to in-house internal control monitoring, various members of the CNYRTA management team actively participated in five additional audits performed by external agencies including the NYS Public Transportation Safety Board, the Federal Transit Administration, and New York State – with no material findings. Any non-material findings or recommendations discovered were promptly addressed.

### *Supporting Activities – Strategic Plan*

Due to the supporting relationship between strategic planning and internal control; active management of the Strategic Plan occurs as an activity within the Internal Control Program. The Strategic Planning Team is responsible for developing and selecting strategy, reliable performance metrics and specific measurable initiatives. During FYE 2024, the Team made significant progress on updating the organization’s Mission, Vision, and Values and continued to review plan strategies, goals, and performance measures – effectively supporting the system of Internal Control.

### *Supporting Activities - Internal Audit*

The CNYRTA is not required to and does not have an independent Internal Audit function; however, certain Internal Control Program review and testing activities are performed using Internal Audit techniques. In the event a change in legislation or an internal identification of need occurs requiring the establishment of Internal Audit, the Internal Control Program will be reevaluated to ensure functions are not duplicated and all applicable Institute of Internal Auditors (IIA) Standards for Internal Audit are met.

### *Certification*

This statement certifies that the CNYRTA followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending March 31, 2024.

To the extent that exceptions were identified, the Authority has developed corrective action plans to reduce any corresponding risk. No material exceptions were noted during the year under any program activity. All internal control framework components, principles and focus points reviewed were determined to be present, functioning and operating together indicating an adequate and effective system of internal control.