

ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)

MANAGEMENT LETTER

For the Year Ended March 31, 2011

**ROOSEVELT ISLAND OPERATING CORPORATION
(A Component Unit of the State of New York)**

MANAGEMENT LETTER

TABLE OF CONTENTS

	Page No.
Management Letter.....	1
Schedule of Findings and Recommendations	
Current Year Finding and Recommendation.....	2
Follow-up on Prior Year Findings and Recommendations	2-3



May 18, 2011

The Board of Directors
Roosevelt Island Operating Corporation

Dear Board Members:

We are pleased to submit the accompanying Schedule of Findings and Recommendations in connection with our audit of the Financial Statements of Roosevelt Island Operating Corporation ("RIOC") for the year ended March 31, 2011. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our findings and recommendations.

The findings and recommendations have been discussed with RIOC's management. Their comments and responses have been incorporated in the report. Responses that indicate corrective action has been taken have not been verified at this time, but will be verified in the succeeding audit.

This communication is intended solely for the information and use of the Board of Directors and management of RIOC, and should not be used by anyone other than these specified parties.

Dadia Valles Vendiola LLP

Elmhurst, New York

**ROOSEVELT ISLAND OPERATING CORPORATION
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**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED MARCH 31, 2011**

I. CURRENT YEAR FINDING AND RECOMMENDATION

None

II. FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS (FY 2009)

1. Funding of Postemployment Benefits Obligations

Status

Condition no longer exists.

2. Information Technology

RIOC does not have a formalized disaster recovery plan or a business continuity plan in the event of a major shutdown of its information technology systems. RIOC's internal control system relies heavily on information technology programs to support its fiscal and other operations.

Recommendation

We recommend that management implement a disaster recovery plan and a business continuity plan. We understand that management is still procuring professional services to address this condition.

Management's Response

RIOC is continuously working on our Disaster Recovery and Business Continuity Plans. Management and staff have taken FEMA training in Incident Command. The Public Safety Department has just completed its annual review of our Comprehensive Emergency Management Plan. In addition, the Finance Department has begun drafting a Business Continuity Plan via an online application. The Director of Information Technology has taken many FEMA and Technical seminars, courses and participated in discussion groups about Business Continuity and Disaster Planning and Recovery.

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED MARCH 31, 2011

(continued)

The Director of Information Technology is now evaluating several Technology Based Solutions for building out a Disaster Tolerance Strategy and a level of Disaster Recovery that is “right sized” and “appropriately responsive” to our acceptable level of risk. Risk is being evaluated based on Hazard Analysis which outlines severity, impact and likelihood of an event. Technological Solutions will be evaluated based on associated costs, data availability and recovery time.

Comment on Management’s Response

Compliance will be verified in subsequent audit.