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Governor

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President & CEO

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Robert F. Mujica Jr., Director of BUDGET  
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Jeffrey R. Escobar  
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David Kraut  
Howard Polivy  
Michael Shinozaki

Agenda Item V, 2. January 30, 2020

**PROPOSED RESOLUTION**

**AUTHORIZATION TO ENTER INTO CONTRACT WITH PKF O’CONNOR DAVIES, LLP  
FOR INTERNAL CONTROLS CONSULTANT SERVICES**

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**RESOLVED** by the Board of Directors of the Roosevelt Island Operating Corporation of the State of New York (“RIOC”), as follows:

- Section 1. that RIOC is hereby authorized to enter into contract with PKF O’Connor Davies, LLP for Internal Controls consultant services, upon such terms and conditions substantially similar to those outlined in the Memorandum from Arthur G. Eliav to Susan G. Rosenthal/Board of Directors dated January 28, 2020, attached hereto;
- Section 2. that the President/Chief Executive Officer or her designee is hereby authorized to take such actions and execute such instruments as she deems necessary to effectuate the foregoing; and
- Section 3. that this resolution shall take effect immediately.



## Roosevelt Island Operating Corporation

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### MEMORANDUM

**From:** Arthur G. Eliav, Associate General Counsel and Internal Controls Officer  
**To:** Susan G. Rosenthal/Board of Directors  
**Re:** Contract with PKF O'Connor Davies, LLP for Internal Controls Consultant Services  
**Date:** January 28, 2020

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Since its creation in 1984, the Roosevelt Island Operating Corporation (RIOC) has increased the scope of its operation. Major new residential developments, including Manhattan Park, Octagon and Southtown, were added to RIOC's original portfolio. New parks, playgrounds and recreational facilities sprung up on the Island. Today, RIOC is a complex multi-faceted operating corporation involved in almost every aspect of life on Roosevelt Island, including public safety, capital planning and projects, parks and recreation, special events planning, real estate development, transportation, intergovernmental relations, etc.

Internal Control is a process that aids an entity's board of directors, executive management, and other personnel to provide reasonable assurances regarding the achievement of an entity's objectives as it relates to operations, reporting, and compliance. Moreover, the process of Internal Control allows for the ability to deal more effectively with changing economic and competitive environments, leadership, priorities, and evolving business models. In this regard, the process of Internal Control serves as a mechanism to reasonably ensure that an entity is operating effectively, achieving its goals efficiently, and mitigating anticipated risks associated with the same. A system of Internal Control is also a process that is supported by New York State in an effort to improve productivity and accountability among government agencies and public authorities. Indeed, without a system of Internal Control, an organization is likely to experience mismanagement, loss of productivity, waste in resources, and potentially abuse, among other things.

Consistent with the Governor’s emphasis on promoting a process of Internal Control, RIOC has been exploring the advantage of outsourcing an Internal Control program, as it would provide a more robust review and assessment of RIOC’s operations; and also provide for recommendations for improvement (where needed) in an effort to increase productivity and overall efficiency. RIOC staff met with our counterparts at the Battery Park City Authority (BPCA), a sister State authority, to learn about their Internal Controls program. There, we discussed BPCA’s experience with contracting an outside consulting firm that has vast resources and knowledge of the field, to evaluate and improve its internal controls program over a 5-year period. As a result of that meeting and further research, RIOC decided to issue a request for proposal for Internal Controls Consultant Services.

RIOC published the RFP in late 2019. The following four highly qualified firms responded to the solicitation: (1) The Bonadio Group; (2) Crowe LLP; (3) FTI Consulting; and (4) PKF O’Connor Davies LLP. Per the pre-set procedures, the rating committee interviewed the top three bidders, which included: (1) The Bonadio Group; (2) Crowe LLP; and (3) PKF O’Connor Davies LLP. Based on overall criteria, PKF O’Connor Davies, LLP was ultimately selected to be awarded the contract, with the following final tally:

Bidder	Points
The Bonadio Group	81.80967
Crowe LLP	85.78667
PKF O’Connor Davies LLP.	92

The contract term would be for three years with two additional one-year extensions to be exercised at RIOC’s sole discretion. Contractor would invoice RIOC based on pre-set rates evaluated and approved by the RIOC Fiscal Department. The overall contract sum would not exceed \$250,000.00 per annum.

The scope of the contract would include conducting a risk assessment for the Corporation and developing an internal audit schedule for the periodic review of internal controls in each of the Corporation’s departments based upon the risk assessment. The consultant is expected to

prepare and tailor audit programs to the Corporation's unique processes. The contractor would be managed by the Internal Controls Officer under the general guidance of the President/CEO, and would provide reports to the Audit Committee and the full Board of Directors.

The winning bidder is a highly qualified full-service accounting, audit, tax and consulting firm with offices throughout northeastern United States, with more than 700 professionals and staff. The team designated to work on RIOC matters consists of several well-experienced broad-range professionals with expertise in advisory services, quality assurance, accounting-management, and various other subject matters, including working with NYS entities. Furthermore, PKF O'Connor Davies, LLP proposal demonstrated its commitment to New York State and RIOC's SDVOB and M/WBE goals by teaming up with Galleros Robinson, CPA LLP, a NYS Certified Minority and Women Owned Business Enterprise firm, to work on this contract.

In light of the factors outlined above, it is my recommendation that the RIOC Board of Directors approve the contract with PKF O'Connor Davies, LLP upon the terms and conditions outlined in this memorandum.