

## MANAGEMENT LETTER

November 12, 2024

The Board of Directors and Management  
Buffalo Niagara Convention Center Management Corporation

In planning and performing our audit of the financial statements of Buffalo Niagara Convention Center Management Corporation (the Center) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiency in the entity's internal control to be a material weakness:

### Financial Reporting

Our audit of the Center's 2023 financial statements revealed that key general ledger accounts, including cash, were not reconciled timely, which resulted in significant additional analysis and adjustments subsequent to year end. Additionally, we noted the Center did not timely record transactions to the general ledger during the year.

The following are the significant items identified:

- Bank reconciliations were not accurately and timely completed. We noted many transactions were recorded multiple times or not at all.
- Revenue and expense transactions were not recognized in the appropriate accounts.

- Event deposits were not separately tracked and reconciled to detail maintained by the sales department.
- Adjustments were not made to properly reflect accrued payroll, earned vacation and bonus amounts.

We recommend management implement additional procedures to ensure accounts are reconciled to the general ledger and activity of the Center is recorded in a timely manner.

#### OTHER COMMENTS AND RECOMMENDATIONS

##### **Policies and Procedures Manual**

While significant progress has been made, we continue to recommend the Center complete a formal accounting policies and procedures manual. A comprehensive manual is a fundamental component of an effective internal control, accounting and financial reporting system. Formalized, documented procedures offer employees a clear picture of the Center's controls, accounting procedures and practices, provide the Center with a source of information that will not be lost if key personnel leave, and are helpful in training new employees. The manual would serve as formal documentation of the existing monthly closing and reporting procedures, formal policies for preparing weekly payroll, preparing and reviewing general journal entries, and approving invoices for payment and billing customers for services performed.

##### **Local Authority**

On January 23, 2013, the Center received notification from the State of New York Authorities Budget Office (ABO) that the organization meets the definition of a local authority pursuant to the Public Authorities Law. Accordingly, the Center is now required to comply with regulations established by the Public Authorities Accountability Act (PAAA).

Although the Center has complied with certain aspects of PAAA, it has been notified by the ABO that it is not in full compliance. Management has advised us that resolution of this matter is pending certain actions to be taken by the Center's Members, the County of Erie and the City of Buffalo. Since the ABO has the authority to take enforcement action, we continue to recommend the Center's Members take the necessary actions to be in full compliance with PAAA.

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

