



CITY OF BUFFALO

DEPARTMENT OF
AUDIT AND CONTROL

1225 CITY HALL
BUFFALO, NEW YORK 14202
716-851-5255

ANNE FORTI-SCIARRINO, CPA
FIRST DEPUTY COMPTROLLER

GREGG SZYMANSKI, CPA
DEPUTY COMPTROLLER
INVESTMENT & DEBT MANAGEMENT

WILLIAM FERGUSON, CPA
DEPUTY COMPTROLLER
CITY ACCOUNTANT

KEVIN KAUFMAN, CPA
DEPUTY COMPTROLLER
CITY AUDITOR

MARK J. F. SCHROEDER

COMPTROLLER

August 15, 2018

Hon. Mayor Byron W. Brown
The Honorable Members of the Common Council
City Hall
Buffalo, NY 14202

Dear Mayor Brown & Councilmembers:

Currently, the Buffalo Municipal Housing Authority (BMHA) has no internal audit function. While my department has conducted audits of the BMHA, and will continue to do so, limited resources prevent us from being able to broaden the scope and increase the frequency of our audits.

It is clear that a more wide-ranging and comprehensive internal audit function is needed at the BMHA, especially in light of results from audits by my office and the United States Department of Housing and Urban Development (HUD) Office of Inspector General, and recent investigations by the Buffalo News.

Therefore, I propose that the City issue a Request for Proposal (RFP) to auditing firms for the development of an annual audit plan and the execution of an internal auditing function at the BMHA. My office will prepare and issue the RFP, as well as set the evaluation criteria. Any input you may have would be welcomed.

We estimate the cost to be approximately \$50,000 annually, although the savings that can be produced by improving internal controls should be well in excess of the amount allocated. This is a cost that should be borne by the BMHA, and I encourage you use your influence on the BMHA to fund such an expense.

However, if the BMHA refuses to fund this internal auditing function, I will request (under § 7-4 of the City Charter, which states: "*The comptroller shall request, the mayor shall recommend, and the council shall appropriate sufficient funds for such audit*") that the City allocate funding this fiscal year in order to protect the federal housing tax dollars and rental income currently jeopardized by a lack of internal controls.

Please feel free to contact me if you have any questions or concerns. I look forward to working with you on this important project.

Sincerely,

Mark J.F. Schroeder
Comptroller

cc: Gillian Brown, Executive Director – BMHA
David Rodriguez, Chairman – BMHA Board of Commissioners
Donna Estrich, Commissioner of Administration, Finance, Policy, & Urban Affairs