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The Authorities Budget Office Releases Report on the County of Chautauqua Industrial Development Agency and Related Local Authorities' Operating Practices

Issues Formal Warning to the Boards

The Authorities Budget Office (ABO) released its report today on the operating practices of the County of Chautauqua Industrial Development Agency (CCIDA), which includes a limited evaluation of the operations and activities of the Chautauqua Region Economic Development Corporation (CREDC) and the Chautauqua County Capital Resource Corporation (CRC).

The report concludes the board members of CCIDA, CREDC and CRC did not provide adequate oversight over management, adopt adequate policies and procedures, and monitor financial and management practices. The lack of oversight, review, and monitoring by the board members exposes the authorities to unnecessary risk and the potential for misuse of funds.

Key findings of the report include:

- \$1.9 million of combined funds for three separate local authorities (CCIDA, CREDC and CRC) in one bank account and other misallocated expenses among separate local authorities
- \$130,785 in CCIDA funds used for inappropriate and questionable discretionary spending, including sponsorships, donations, holiday dinners, flowers, and other gifts
- \$73,115 in CCIDA credit card purchases made without receipts or adequate documentation, as well as the use of credit cards for \$26,000 in inappropriate meal purchases and \$11,194 in unauthorized purchases for another local authority
- \$50,629 of unauthorized and inappropriate CCIDA payments to the CFO, including \$30,600 in car allowances and \$18,429 in reimbursements for membership and other related expenses at a local golf course
- \$200,179 in compensation to CCIDA staff that were contracted or hired by the CEO to administer and operate another local authority
- \$128,000 in subsidized office space for the County

"The board members must understand their role as fiduciaries of the local IDA and its affiliate local authorities", said ABO Acting Director Jeffrey H. Pearlman. "Local authority board members have a fiduciary duty to oversee management and monitor the financials of the authority. Understanding this duty of care and loyalty to the authority, its mission and the public is essential. The law requires it and has entrusted the ABO to help ensure compliance."

The report serves as a formal warning to each authority and its board members to take immediate action to implement the ABO's recommendations within ninety days or they will be censured by the ABO.

A copy of the full report is available at www.abo.ny.gov.

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