



June 3, 2020

David Becker, Partner  
Trachtenberg & Pauker, LLP  
100 Crossways Park West  
Woodbury, New York 11797

Dear Mr. Becker:

Attached is the quality control review (QCR) of the audit of Long Island Development Corporation as of and for the year ended September 30, 2018. The single audit was performed by your firm, Trachtenberg & Pauker, LLP. On our behalf, McBride, Lock & Associates, LLC, performed this QCR to determine whether the audit report complied with reporting requirements of the Single Audit Act of 1984, as amended in 1996. The single audit was performed using generally accepted auditing standards published by the American Institute of Certified Public Accountants and generally accepted government auditing standards issued by the U.S. Government Accountability Office.

Please see the attached review performed by McBride, Lock & Associates, LLC, for further details on the QCR's scope and methodology.

The QCR concluded that, except for the matters discussed below, the single audit met audit standards.

The QCR identified issues related to deficiencies in Notes to the Schedule of Federal Expenditures and the Schedule of Findings and Questioned Costs. The schedules were inadequate or contained reporting errors. Additionally, there was no documentation that a partner review was performed or that the governance letter was sent. The audit of administrative expense did not review for the propriety of the controls or test those controls to ensure that these funds were used for administrative expenses in compliance with the grant requirements. The formal response provided by your firm to McBride, Lock & Associates, LLC, is included as part of the QCR report for the issues identified. In general, your firm agreed with the review and indicated that corrective action has been taken on the most recent audit.

This letter, as well as the McBride, Lock & Associates, LLC, QCR, will appear on the Office of Inspector General website pursuant to section 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 8M).

We appreciate the cooperation and courtesies your staff extended to McBride, Lock and Associates, LLC, during the QCR. Please direct any inquiries regarding this report to me at (202) 482-2877 or Belinda Riley, Supervisory Auditor, at (404) 730-2067.

Sincerely,

A handwritten signature in black ink, appearing to be 'RB', with a long horizontal line extending to the right.

Richard Bachman  
Assistant Inspector General for Audit and Evaluation

Attachment

cc: Gina Slater Parker, President & CEO, Long Island Development Corporation  
Phyllis Hill Slater, Chair of the Board of Directors, Long Island Development Corporation  
Barry Berkowitz, Senior Procurement Executive and Director of the Office of Acquisition  
Management, Department of Commerce  
John Geisen, Director, Financial Assistance Policy and Oversight Division,  
Department of Commerce  
Linda Cruz-Carnall, Regional Director, Philadelphia Regional Office, EDA  
Deborah Haynes, Audit Liaison, EDA  
MaryAnn Mausser, Audit Liaison, Office of the Secretary

**QUALITY CONTROL REVIEW  
Of  
TRACHTENBERG & PAUKER, LLP**

**On the Audit of  
Long Island Development Corporation  
for the year ended September 30, 2018**

**McBRIDE, LOCK & ASSOCIATES, LLC**

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## **McBRIDE, LOCK & ASSOCIATES, LLC**

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Certified Public Accountants

November 25, 2019

Mr. David Becker  
Trachtenberg & Pauker, LLP  
100 Crossways Park West  
Woodbury, New York 11797

Subject: **Quality Control Review of the Long Island Development Corporation  
for the year ended September 30, 2018**

Dear Mr. Becker,

The purpose of this letter is to confirm discussions with you on November 25, 2019 regarding the major issues identified during our quality control review. Our Quality Control Review (QCR) was performed on of the audit of Long Island Development Corporation as of and for the year ended September 30, 2018 performed by Trachtenberg & Pauker, LLP in accordance with generally accepted auditing standards published by the American Institute of Certified Public Accountants and generally accepted government auditing standards issued by the Government Accountability Office.

### **Scope of Services**

The objective of our review was to perform a QCR:

1. To determine whether the financial statement audit work, compliance audit work, and the associated review of internal controls over both financial reporting and compliance were conducted in accordance with applicable standards, including GAGAS and the published guidance of the OIG, the American Institute of Certified Public Accountants standards as well as Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and including its Compliance Supplement.
2. To identify any issues that may require additional attention or any additional audit work by the Independent Public Accountant who performed the audit.

## **Methodology**

We performed our review using the *Guide for Quality Control Reviews of Single Audits* (the "Guide") issued by the Council of Inspectors General on Integrity and Efficiency (2016 Edition). In performing the review we met with the engagement partner and obtained supporting audit workpapers. Prior to initiating efforts, the Commerce-OIG provided the audit report to be reviewed.

## **Overview of Procedures Performed and Related Findings**

We reviewed the audit report issued on Long Island Development Corporation as of and for the year ended September 30, 2018. We reviewed the audit report, using the Guide, to ensure that it included and met the requirements of Government Auditing Standards, the standards for financial audits issued by the AICPA, and Uniform Guidance. We reviewed the audit workpapers using the Guide and the evidence documented in the audit workpapers. In each area, we evaluated whether or not the testing performed, results documented, financial statements presented, and findings reported were consistent with and supported the independent accountants report identified in the first paragraph of this report.

## **Results**

### Audit Report Issues

The audit report had the following deficiencies:

- The Notes to the Schedule of Federal Expenditure (SEFA) were not adequate or contained reporting errors
  - o Note A refers to OMB Circular A-133 instead of Uniform Guidance.
  - o The Notes do not describe the balance of loan or loan guarantees outstanding at the end of the audit period as required by 2 CFR 200.510(b)(5). It was noted that the Note A to the Financial Statements did include these balances.
  - o The notes do not include a discussion of whether or not the auditee elected to use the 10% de minimis cost rate as covered in 2 CFR 200.510(b)(6).
- The Schedule of Findings and Questioned Cost
  - o Stated that the threshold used for distinguishing between Type A and B programs was \$300,000. This would be consistent with OMB Circular A-133 guidance. The Uniform Guidance amount would be \$750,000 for this organization. Given that there was only one Federal program, this distinction was not significant.
  - o Did not include a disclosure on the follow-up on prior audit findings or whether any such findings were applicable.

### Supervisory Review

The workpaper for the Partner and Senior reviews document that the Senior review was conducted on November 30, 2017. There is no documentation that the Partner review was performed.

Governance Letter

The governance letter that was included in the workpapers does not appear to have been issued.

Review of Administrative Expenses

The auditor reviewed for a determination of the income generated by the loans which would be available for administrative expenses in operating the organization. The audit did not review for the propriety of the controls or test those controls to ensure that these funds were used for administrative expenses in compliance with the grant requirements.

Based upon our review, we believe that the audit currently meets the standards set forth by generally accepted auditing standards, Government Auditing Standards and the requirements of Uniform Guidance and its Compliance Supplement, except as noted.

Very truly yours,

A handwritten signature in black ink that reads "McBride, Lock & Associates LLC". The signature is written in a cursive, flowing style.

McBride, Lock & Associates, LLC

**RESPONSE BY CPA**

## **RESPONSE BY CPA**

We reviewed your report and only have one comment. The audit report issues has a comment on the disclosure related to follow up of prior audit findings. There were no prior audit findings so we feel that this comment is not applicable. Otherwise we have already taken corrective action with regard to all of your audit report issues in connection with our most recent audit.



## **CONCLUSION**

## CONCLUSION

The conclusion is based on our review of the auditor's workpapers provided, the exit conference held on November 25, 2019 and the auditor's response.

### Audit Report Issues

The auditor believes that there is no requirement to make a disclosure regarding prior audit findings if there none noted in the previous audit. For the remaining report issues the auditor indicated that corrective action has been taken on the most recent audit. This corrective action does not resolve any audit deficiencies that may have existed in the current period.

No modification is made to this finding as initially stated.

### Supervisory Review

The auditor indicated that corrective action has been taken on the most recent audit.

No modification is made to this finding as initially stated.

### Governance Letter

The auditor indicated that corrective action has been taken on the most recent audit.

No modification is made to this finding as initially stated.

### Review of Administrative Expenses

The auditor indicated that corrective action has been taken on the most recent audit.

No modification is made to this finding as initially stated.

### Conclusion

We conclude that the audit of the Long Island Development Corporation for the year ended September 30, 2018 met the standards set forth by generally accepted auditing standards, *Government Auditing Standards*, and the requirements of Uniform Guidance, except as noted.