

## 2010 Assessment of the Effectiveness of Internal Controls

### Purpose of the St. Lawrence County Industrial Development Agency (IDA):

The St. Lawrence County Industrial Development Agency (the "Agency") is a public benefit corporation created under New York State General Municipal Law, Title 2, Section 914. Its mission is to promote, encourage, attract and develop job opportunities and economically sound commerce and industry in St. Lawrence County. To accomplish its mission, the Agency constructs and owns industrial sites and buildings, administers loan packaging and industrial revenue bond financing and provides a variety of tax-reduction incentives.

### Internal Controls:

The accounting, financial reporting, and cash management functions are carried out relying on a multitude of internal controls. A Financial Procedures manual details all aspects of the financial controls in place. Examples of some of the controls used are listed below:

- The majority of the Agency's staff are employees of the St. Lawrence County ("County") Office of Economic Development. Payroll information is entered into the County's payroll system by a county employee. Payroll checks are verified and printed by the St Lawrence County Payroll office. A quarterly stipend is then paid to the County as reimbursement for the services the employees provide to the Agency. Currently the Agency has one direct employee - the Deputy Chief Executive Officer. Payroll for this employee is processed externally by a payroll processing company, Paychex, Inc. – *Low Risk*
- A voucher process is utilized to safeguard Agency finances. All Agency vouchers require review and verification of the Account Clerk preparing the voucher and check, and the signatures of both the Chief Financial Officer (CFO) and Chief Executive Officer (CEO). Two signatures are required on all checks issued (typically the CFO and Agency Chairman). – *4 persons signing off on the process makes this low risk*
- All monies received by the Agency are recorded into a main check register by a Keyboard Specialist, who then endorses all checks and delivers them to the CFO. It is the responsibility of the CFO to ensure that all funds are coded (categorized) before delivering them to an Accounting Clerk. It is the responsibility of the Accounting Clerk to enter each check into the QuickBooks system, generate a receipt, and create a deposit. The deposit receipt from the bank is then attached to the appropriate back up for the deposit. – *Log books, bank verification & receipts make this low risk.*
- Certificates of deposit are bid out to the financial institutions recognized in the annual resolution for investments. When a CD matures, the financial institutions are contacted and a bid is requested. The CD is awarded to the financial institution bidding the highest interest rate. Pursuant to the Agency's Investment Policy no one financial institution may hold more than 60% of Agency's cash on deposit. Only persons authorized by the Agency's Board are allowed to open CD. Typically, this responsibility falls to the CFO. – *Allocating cash at various financial institutions reducing the risk of loss and utilizing authorized signers makes this a low risk.*

The system of controls applicable to the Agency was last reviewed by the Agency's Audit Committee on February 19, 2010. The Audit Committee's review affirmed that there are no material control weaknesses to be reported. The Agency undergoes an annual financial audit by an independent CPA firm. While auditors are not engaged to perform an audit of internal controls, auditors do provide management letter comments when they encounter internal weaknesses. No material weaknesses have been identified by the independent auditors.

In summary, the present internal control structure appears to be sufficient to meet internal control objectives that pertain to the prevention and detection of errors and irregularities.

Reviewed by Management:

  
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Chief Executive Officer

5/11/10  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Chief Financial Officer

5/11/10  
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Date