

2011 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:

- Payroll for the Agency's employees 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 person preparing the voucher and check, and the signature of either the Chief Financial Officer (CFO) the Chief Executive Officer (CEO) or the Deputy Chief Executive Officer (Deputy CEO). Two signatures are required on all checks issued (typically the CFO and Agency Chairman). – *multiple 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 staff member, who then stamp endorses all checks and delivers them to the CFO. It is the responsibility of the CFO to ensure that all funds are coded (categorized) then each check is entered into the QuickBooks system, a receipt generated, and a deposit created. 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 that can offer the highest interest rate. Pursuant to the Agency's Investment Policy no one financial institution may hold more than 60% of the 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 March 15, 2011. 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:



Chief Executive Officer



Chief Financial Officer

3/21/11

Date

3-21-11

Date