

**Assessment of the Effectiveness of Internal Controls** (Rev 06/11)  
(Pursuant to ABO Model Assessment of Internal Controls, Revised April 2011)

Purpose: 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 areas where risk is typically associated and some of the internal controls used are listed below:

- **Investments** - Certificates of deposit are bid out to the financial institutions recognized in the Agency's Investment Policy. 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.*
- **Accounts Receivable** - 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. The CFO ensures that all funds are coded (categorized). 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 document for the deposit. – *Log books, bank verification & receipts make this low risk.*
- **Accounts Payable** - A voucher process is utilized to safeguard Agency finances. All Agency vouchers require review and verification by the individual preparing the voucher and check, and the signature of 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 signature and review layers within this process, along with dual signatures for all disbursements make this low risk.*
- **WIRE/Electronic Transfers** – A voucher process is utilized to safeguard Agency finances. All Agency vouchers require review and verification by the individual preparing the voucher, the Chief Financial Officer, and the (Deputy) Chief Executive Officer. – *Multiple signature and review layers within this process make this low risk.*
- **Payroll** - Payroll for Agency employees is processed externally by a payroll processing company, Paychex, Inc. The Agency's Chief Financial Officer notifies Paychex either via email or telephone of the number of hours and rate for which each employee shall be paid for

the payroll period on the Monday prior to the payday. A voucher is created from the Agency's Quickbooks system and is signed by the appropriate persons, thus authorizing the Chief Financial Officer to transfer online funds from the normal checking account to a payroll checking account. Paychex only has access to the funds in the payroll checking account. Payroll checks and accompanying reports arrive via mail from Paychex on Wednesday. The mailed items are reviewed first by the Chief Financial Officer, and then provided to the Human Resources Coordinator, whose job it is to review the reports for accuracy. Upon a concurrence of the accuracy of the payroll, the Human Resources Coordinator shall initial and date the document, and return it to the Chief Financial Officer. The Chief Financial Officer prepares a journal entry form, signs the form and enters the data into the Quickbooks system. – *Involvement of multiple layers of verification and a separate and distinct payroll account makes this 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 indentified by the independent auditors. If a weakness was noted, it would be addressed by the Audit Committee, change in protocol would be made to lower the associated risk and reduce weakness in the internal control and a solution then presented to the Board.

Since the Agency's last review and assessment, the release by the ABO of a revised model "Assessment of the Effectiveness of Internal Controls" provided staff with an additional opportunity to review its controls structure. The resulting review by Agency staff found the Agency's financial procedures manual was lacking clarity on some of its procedures and found some procedures missing altogether. Staff have since made significant revisions to the manual to address these areas.

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.

This statement certifies that the St. Lawrence County Industrial Development Agency followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2010. To the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.

Reviewed by Management:

  
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Chief Executive Officer

7/7/11

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Date

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

7-7-11

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Date