

2024 Assessment of the Effectiveness of Internal Controls – Resolution IDA-24-12-33

Purpose: The St. Lawrence County Industrial Development Agency (“SLCIDA”) 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 SLCIDA 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, if applicable, of the financial controls in place. **Examples of areas where risk is typically associated** and some of the internal controls used are listed below:

- **Payroll** - Payroll for SLCIDA employees is processed externally by a payroll processing company, Paychex Payroll. The Chief Financial Officer enters the number of hours each employee works for the pay period on the Monday prior to the payday into an online Paychex website. A journal entry sheet is prepared and signed by the Chief Financial Officer and entered into the QuickBooks system. This is then attached to an accompanying voucher, created from the QuickBooks system. Signatures are obtained on the journal entry sheet by either the Chief Financial Officer or Chief Executive Officer and by the Chairman or Vice-Chairman, thus authorizing the Chief Financial Officer to transfer online funds from the normal checking account to a payroll checking account. A printout from the online banking account is then attached to the voucher as verification of a correct transfer. To further safeguard funds, Paychex only has access to the funds in the Payroll checking account. Payroll direct deposit slips and accompanying back up reports are printed directly from the Paychex online program. The reports are reviewed first by the Chief Financial Officer and then given to the Workforce Development Specialist, who in turn checks the hours paid for accuracy and initials the document. A journal entry sheet is prepared and signed by the Chief Financial Officer and then it is entered into the QuickBooks system. – *Multiple persons, separate payroll account - low risk*
- **Accounts Payable** - A voucher process is utilized to safeguard SLCIDA finances. All SLCIDA vouchers require review and verification by the Chief Financial Officer, who prepares the vouchers and checks. Additional verification is required by two additional persons. A member of staff, the Chief Financial Officer, or the Chief Executive Officer. Two signatures are required on all checks issued (typically the Chief Financial Officer and SLCIDA Chairman). – *Multiple persons signing off on the process makes this low risk.*
- **Accounts Receivable** - All monies received by SLCIDA are recorded in a main check register database by a staff member, who then stamp endorses all checks and delivers them to the Chief Financial Officer. The Chief Financial Officer ensures that all funds are expense 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 records, bank verification & receipts make this low risk.*
- **Investments** - Certificates of deposit are typically bid out to the financial institutions recognized in SLCIDA’s Investment Policy. When a CD matures, it is renewed for an additional term at the current institution, or financial institutions are contacted, and bids are requested. The CD must have complete collateralization. Pursuant to SLCIDA’s Investment Policy no financial institution may hold more than 60% of SLCIDA’s cash on deposit. Only those authorized by the SLCIDA’s Board are allowed to open a CD or initiate an investment transaction. Typically, this responsibility falls to the Chief Financial Officer. The SLCIDA utilizes savings and/or demand deposit accounts placed through a depository institution that must have a main office or branch office in the State of New York and that contractually agrees to place the funds in federally insured depository institutions through a qualified Reciprocal Deposit program such as the savings option of the Insured Cash Sweep service, or ICS. *Allocating cash at various financial institutions reduces the risk of loss and utilizing authorized signers makes this a low risk.*

The system of controls applicable to the SLCIDA was last reviewed by the SLCIDA’s Governance Committee on December 18, 2024 and the complete Board on December 18, 2024. The Board’s review affirmed that there are no material control weaknesses to be reported. SLCIDA 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. If a weakness was noted, it would be addressed by the Audit & Finance Committee. A 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.

In summary, the present internal control structure has been reviewed by the Chief Executive Officer and Chief Financial Officer and appears to be sufficient to meet internal control objectives that pertain to the prevention and detection of errors and irregularities.

Move:	LaBaff			
Second:	Reagen			
VOTE	AYE	NAY	ABSTAIN	ABSENT
Blevins	X			
Hall	X			
LaBaff	X			
McMahon	X			
Morrill	X			
Reagen	X			
Staples				X

I HEREBY CERTIFY that I have compared this copy of this Resolution with the original record in this office, and that the same is a correct transcript thereof and of the whole of said original record.

/s/

Lori Sibley
December 18, 2024