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*Member*

## **TOWN OF BETHLEHEM**

*Albany County - New York*

### **INDUSTRIAL DEVELOPMENT AGENCY**

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## **Internal Control Over Financial Reporting, Compliance and Risk Assessment**

As per the Town of Bethlehem Industrial Development Agency's (the "Agency") charter for the Audit Committee, and as required by Public Authorities Law section 2800(9), the management of the Agency is responsible for assessing the effectiveness of the Agency's internal controls, subject to review by both the Audit Committee and the independent auditors.

The Agency's internal control over financial reporting is designed to allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis, in order to provide for reliable financial reporting, in accordance with generally accepted accounting principles.

### Budgeting and On-going Review of Results

With the Agency's adoption of an annual budget, and with the interim financial reporting done by the Chief Financial Officer (CFO), there is sufficient review of transaction activity, such that any activity outside the board's expectations would be brought to their attention on a timely basis.

### Segregation of Duties over Cash Receipts

The CFO or Agency Counsel prepares the invoice for any closing fees or energy reimbursement payments, such that the CFO can verify that payments are made within 30 days. If payments are not received as expected, the CFO follows up with the appropriate parties.

Cash receipts are generally received in the mail, and go to the Agency Clerk for logging. The receipts are deposited by the Town of Bethlehem's Receiver of Taxes, who then forwards the remittance information and the validated deposit slip to the Town Comptroller's Office for posting. The CFO reviews the financial reports weekly to verify that deposits have been properly posted within the ledgers.

### Segregation of Duties over Cash Disbursements

Goods and services are purchased in accordance with the Agency's Purchasing Policy. This policy specifies the process by which price quotes are obtained, the approval of requisitions, and the approval of invoices for payment. Generally all purchasing is done with the approval of the Chief Executive Officer and/or Agency Counsel. The Town Comptroller's Office reviews purchases and claims for payment to ensure compliance with the adopted policy.

Agency Counsel is the only position that is processed through payroll. The Board sets the salary annually, and the position is salaried (overtime exempt). Payroll is processed by the Town Comptroller's Office. Payroll and other disbursements are monitored by the CFO to ensure accurate postings, and that amounts are within the budget.

All Agency disbursements are processed through the Town of Bethlehem, and the authorized signatory is the Town Supervisor.

### Investing and Cash Management

The CFO monitors cash totals on a weekly basis, and invests temporarily idle funds in accordance with the Agency's Investment Policy. Investment worksheets are prepared by the CFO or the Town of Bethlehem's Chief Accountant each week to document this review and the resultant transactions. The Town's Deputy Comptroller reviews and initials these records to provide oversight.

### Bank Reconciliations

The Town of Bethlehem's Chief Accountant reconciles Agency cash accounts at month end. The CFO reviews and initials all bank reconciliations, tying the reconciled balances to the general ledger, to provide oversight.

### Financial Reporting

The CFO prepares quarterly financial reports for the board. The reports include a balance sheet, a statement of revenues and expenditures as compared to the adopted budget, and any other supplemental reports as deemed necessary to enhance the board's understanding of the transactions and reports.

Based on a review of the internal controls and the Agency board's review of the financial operations, Management has made an assessment that the internal controls of the Agency are adequate to provide a reasonable degree of assurance as to the accuracy of financial reports.

This assessment has been reviewed and accepted by the Agency's Audit Committee on March 14, 2011.