

Town of Bethlehem Industrial Development Agency

Assessment of Internal Controls

12/31/2022

A. Define major business functions

- **Enhance economic development potential by:**
 - Issuance of bonds
 - Offering PILOT agreements
 - Providing Sales and Mortgage Tax Exemptions
- Foster increased living wage jobs by inducing quality projects for residents and taxpayers
- Ensure IDA Applications are correct, and appropriate tracking is conducted.
- Ensure the financial stability of the IDA
- Promote a culture of governance through transparency while adhering to and adopting IDA statewide best practices

B. Determine the risks associated with operations

Risks:

- Issuance of Bonds - **Low**
- Foster Business development while balancing tax Payer concerns - **High**
- Improper influence of project taxing jurisdictions on BIDA decisions - **High**
- Improper political influence on BIDA decisions - **Moderate**
- Board conflicts of interest - **Moderate**
- Negligent or fraudulent administration of BIDA - **Moderate**
- Independence of BIDA - **Moderate**
- Project does not accomplish its goals or meet financial obligations - **Moderate**
- Financial Operations Fraud - **Moderate**
- Administrative Errors – **Low**

C. Internal and External Controls in place to mitigate risks

- Mission Statement
- Bylaws
- Internal Controls Policy
- Rigorous pre-screening and questioning of applicant for suitability of Projects
- Strong project compliance by administrative staff
- Clear procedures involving approval process

- Rigorous review of contract and contract negotiation
- Annual audit of financials
- Website for information and education
- Rigorous examination and audit of tax bills utilized by municipal taxing Entities

D. Assessment of effectiveness of internal controls

- Internal review suggests a more rigorous annual compliance with reporting from BIDA clients that is timely for State Reporting and also requires higher accuracy and precision in data reporting.
- Internal review suggests continuous and rigorous review of policies to insure equitable balance between being “business-fair” and “taxpayer- friendly.”

E. Corrective Actions

- Actions will be developed where weaknesses have been identified
- Corrective Actions are included in public records