

OCLDC

2020

REVIEW of INTERNAL CONTROLS

PURCHASING	YES	NO
<ul style="list-style-type: none"> Purchases are properly authorized prior to purchase <i>Board approved, Executive Director</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Competitive Bids are obtained for large purchases <i>None</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> All goods and services paid for have been received prior to payment <i>Except for dues and memberships, etc.</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Consider disallowable expenses when purchasing for contracts 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Monitor “encumbrances” against approved budgets <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
CASH DISBURSEMENTS/BANKING		
Cash Disbursements		
	YES	NO
<ul style="list-style-type: none"> Expenditures are properly approved prior to disbursement <i>Voucher System – tested in 2020. Minimal activity.</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> All unused checks, signature stamps <i>Locked up nightly</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> “Positive Pay” services ensure only authorized checks are processed by bank <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> ACH Blocking filter prevent unauthorized access to bank account <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Never pre-sign checks <i>Dual signatures required</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Banking Safeguards		
	YES	NO
<ul style="list-style-type: none"> Monthly reconciliations are performed for all accounts and reviewed by someone outside the receipts/disbursement process (online banking used as tool) <i>To the extent possible with a small office. CFO signs off on the voucher. CFO and Treasurers approve and sign off on all bank recs.</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Unopened bank statements are routed to someone not involved in processing of transaction (i.e. ED or board member) <i>The bank statements are routed to the CFO who approves all vouchers except for payments to the CFO. There is not much of an option here given the small staff</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Authorized signature levels are established for checks including 2 signatures for all checks <i>All checks require dual signatures</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Credit Cards	YES	NO
<ul style="list-style-type: none"> Employees submit all receipts for credit card purchases in a timely manner <i>N/A</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Purchase cards issued whenever possible <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Expenditure levels monitored by employee <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
Petty Cash – no petty cash established	YES	NO
<ul style="list-style-type: none"> Disbursed only with properly approved documentation (i.e. receipts, petty cash vouchers) <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Maintained in a locked location by the designated custodian. <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Established at a reasonable level. <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Audited Periodically by an individual other than the custodian. <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
Travel & Employee Reimbursements	YES	NO
<ul style="list-style-type: none"> Reimbursements are based on: <ul style="list-style-type: none"> Actual expenses as allowed by agency policy, or Federal IRS or agency per diem and reimbursement rates <i>Travel is extremely rare</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Expenses are documents on a reimbursement form (not used) accompanied by receipts and a purpose description <i>reimbursement form not used – expenses are reimbursed with just receipt</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payroll	YES	NO
<ul style="list-style-type: none"> All additions to and deletions from payroll are properly authorized to avoid payments to fictitious employees <i>N/A no payroll</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Timesheets are approved prior to payment <i>N/A no payroll</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> All payroll transactions are properly coded in the accounting system <i>N/A No payroll</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Payroll tax liabilities are reported and paid on time. <i>N/A No payroll</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Payroll cards used whenever possible <i>N/A No payroll</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Direct Deposit highly recommended <i>N/A No payroll</i> 	<input type="checkbox"/>	<input type="checkbox"/>
Cash Receipts	YES	NO
Cash & Check Receipts	YES	NO

<ul style="list-style-type: none"> All cash intended for use by the organization is received and safeguarded <i>Un-deposited checks are locked up each night</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Cash Received is deposited in the organization's bank accounts immediately upon receipt. <i>Within the work week</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Credit Card Receipts	YES	NO
<ul style="list-style-type: none"> Credit card numbers are destroyed <i>N/A LDC does not accept credit cards</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Credit card machines are kept securely and all transactions are reviewed to Ensure appropriateness <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
Financial Reporting		
Recording	YES	NO
<ul style="list-style-type: none"> Temporarily restricted revenue is properly classified to its purpose <i>N/A</i> 	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> "Satisfaction of Restrictions" monitored at least quarterly <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> All donor-imposed restrictions are complied with <i>N/A</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> All expenditures are reflected in the accounting system with the appropriate budget code <i>Voucher System</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reporting	YES	NO
<ul style="list-style-type: none"> Understand and communicate financial information to management and Board on a timely and consistent basis <i>Quarterly F/S</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> See "Key Performance Indicators" and monitor results (Dashboards) <i>Quarterly F/S</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Establish mid-year board approved budget revision <i>if necessary</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Prepare year-end projections involving all critical team members <i>Part of PARIS budget process</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Monitor and report variances to budget on at least a quarterly basis <i>Quarterly F/S</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Segregate and report on operating vs. capital activities <i>N/A – 2018. There are no fixed assets in the company</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Monitor cash flow as a life line <i>Long range projections completed.</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other Control Measures to Consider	YES	NO
<ul style="list-style-type: none"> Conduct background checks on new employees and volunteers <i>N/A at corp level – done according to county regs</i> 	<input type="checkbox"/>	<input type="checkbox"/>

<ul style="list-style-type: none"> Establish tone at the top by implementing clear policies such as : Whistleblower Protection Conflicts of Interest Executive Compensation Record Retention 	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Conduct periodic fixed asset inventories <i>N/A – 2020. There are no fixed assets in the company</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Educate employees on fraud risk and Internal controls <i>Via Ontario County annual seminars</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Engage Information Technology team to ensure proper controls over Access to accounting and banking systems. <i>Use of separate lap top to initiate transfers from savings to checking accounts</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Notes and Next Steps – Internal Controls

2020

Reviewed voucher sign off – 100% for the year. Includes both expenses and revenue transactions. Annual review

Review CEO’s approval of all expenditures - 100% for the year. CEO signs off on all expenses before payment is made. Annual review

Reviewed and reconciled all checks and transfers to Board approved process. All checks and transfers were ratified by Board. Annual review

Reviewed Audit Reports for each month and verified Treasures’ sign-off each month. Annual review

Reviewed bank statement reconciliations for each month and verified Treasurer’s and CFO’s sign-off each reconciliation. Annual review

2021

Review all legal documents and update if necessary

ONTARIO COUNTY LOCAL DEVELOPMENT CORPORATION

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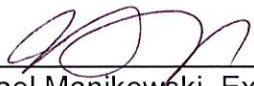
MANAGEMENT'S ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROL STRUCTURE AND PROCEDURES FOR THE ONTARIO COUNTY LOCAL DEVELOPMENT CORPORATION

Per Section 2800(9) of the New York State Public Authority Law, management is to conduct an annual assessment of the effectiveness of the Agency's internal control structure and procedures. The purpose of this review is to insure that the Agency's internal control structure has been adequately established in a manner that, to the extent possible, allows management and employees to prevent or detect and correct errors and irregularities that may occur during the normal course of business on a timely basis.

During management's review, it was determined that the existing internal control structure of the Ontario County Local Development Corporation has been adequately established to meet the objective of establishing an internal control structure to prevent or detect errors and irregularities.


In addition, per Section 2802(2) of the New York State Public Authority Law, the Agency is required to have an independent audit of its financial statements by a certified public accounting firm. As part of this financial engagement, the accounting firm is to issue a "Management Letter" and a report on "Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Audit Standards". Neither of these reports issued for the year ending December 31, 2020 identified material or significant deficiencies in the Agency's internal control structure during their engagement.

As identified in the Audit Committee's charter, the Audit Committee is to annually review management's assessment of the effectiveness of the Agency's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement. This was last completed at the Audit Committee's meeting on March 19, 2021 and the committee concurred with management's assertion that the internal control structure in place for the Ontario County Local Development Corporation's is sufficient to meet the objective of establishing an internal control structure to prevent, mitigate and detect errors and irregularities.



Michael Manikowski, Executive Director

Date



Michael Wojcik, CFO

Date