



Erie County Industrial Development Agency
Buffalo & Erie County Regional Development Corporation
Buffalo & Erie County Industrial Land Development Corporation

2019 Assessment of the Effectiveness of Internal Controls

Management of the Erie County Industrial Development Agency (ECIDA), Buffalo & Erie County Regional Development Corporation (RDC) and Buffalo & Erie County Industrial Land Development Corporation (ILDC) is responsible for establishing and maintaining adequate internal controls over financial reporting. The accounting, financial reporting and cash management functions rely on a system of controls outlined in the entities' Financial Policies & Procedures documentation. Internal controls are reviewed continuously, and adjustments are made as needed. Examples of key internal controls are:

- Payroll: The ECIDA's payroll is processed by a third-party processor, Paychex. The CFO and Bookkeeper verify that payments are only made to employees that are entitled to be paid. The RDC and ILDC have no direct employees, therefore there is no payroll. As a service organization Paychex, Inc. undergoes a Service Organization Controls (SOC) audit each year. Their most recent SOC 1 audit asserts that the internal controls in place at Paychex are operating effectively.
 - Risk = Low
- Cash Disbursements: Disbursements are made primarily by check and wire transfer. Invoices require approval by the purchaser prior to payment. Invoices are reviewed by the Senior Accountant prior to processing by the Bookkeeper. Two signatures are required on all checks (CEO, COO, CFO or Assistant Treasurer). All wire transfers require dual approval. The CFO retrieves and reviews all bank statements and reviews all bank reconciliations. Reverse positive pay is used to verify all check disbursements when presented for payment. Only Finance Department staff have access to online banking sites.
 - Risk = Low
- Cash Receipts: Checks received are logged by the Receptionist and forwarded to the Senior Accountant. The Senior Accountant stamps checks "for deposit only", codes the checks and prepares deposits. The Bookkeeper deposits checks at the bank. The CFO reviews and initials deposit slips and deposit receipts and verifies proper account coding. The Bookkeeper records deposits in the general ledger software. Wire/ACH receipts are reviewed and coded by the CFO or Senior Accountant and are recorded in the general ledger software by the Bookkeeper.
 - Risk = Low

All computers are password protected and general ledger software is separately password protected. Access to the general ledger software is restricted to the CFO, Senior Accountant and Bookkeeper.

The ECIDA, RDC and ILDC undergo annual financial statement audits by an independent accounting firm, in accordance with Government Auditing Standards. While auditors are not engaged to perform an audit of internal controls, the auditors do review and test internal controls as part of their audit

procedures. There have been no material weaknesses or significant deficiencies in internal controls nor other management letter recommendations noted by the independent auditors.

In summary, the present internal control structure appears to be sufficient to meet internal control objectives in preventing and detecting errors and irregularities.

This statement certifies that the Erie County Industrial Development Agency, Buffalo & Erie County Regional Development Corporation and Buffalo & Erie County Industrial Land Development Corporation followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2019. To the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.