

**Tioga County Industrial Development Agency
Internal Control Policies and Procedures**

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Mission:

The purpose of the TCIDA is to advance the job opportunities, health, general prosperity and economic welfare of the people of Tioga County and improve their recreation opportunities and standard of living.

Organization Chart:

Board Officers
Board Members
Internal Control Officer (ICO)
Administrator
Administrative Assistant

Committees:

Governance Committee
Audit Committee
Finance Committee
Executive Committee
Loan Committee
Railroad Committee
Public Relations Committee

Attorney:

Thomas, Collison & Meagher Attorneys at Law

Certified Public Accountants:

Piaker and Lyons

Management Objectives:

It is the goal of the Tioga County Industrial Development Agency to maintain a reputation which reflects integrity and ethical value, to fairly present financial information in conformity with generally accepted accounting principles, to insure compliance with applicable laws and regulations, and to maintain efficient and effectiveness of operations and safeguarding of assets.

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The Tioga County Industrial Development Agency operates various programs with in its stated mission. Each program involves various tasks to be performed as follows;

Revolving Loan Program

- issuance of loan proceeds as lender
- receipt of monthly payments
- amortization of loan payments
- payment of USDA/HUD loans
- receipt of loan proceeds from participating funding sources
- calculation and payment of administrative fee charged to the loan programs

Funds are provided by loans or grants from government agencies with restrictions to use proceeds and repaid loan principal and interest to fund additional applicants with low interest business start up or expansion loans. Loan applications are taken and summarized by the Administrator for submission to the Board for approval. Once approved the proceeds are distributed to the applicant, and recorded as a receivable in the agency records.

PILOT (Conduit) Program

- Receipt of payments from PILOT participants
- Calculation and payment of amounts provided in the PILOT for Administrative purposes
- Calculation and payment of real property tax payments due to municipalities
- Monitor of compliance provided in the PILOT by participants
- Alert PILOT participants when program is complete

The TCIDA generally takes title to a project or a piece of real property being improved and may provide funds for site preparation, infrastructure, construction, equipment acquisition, and improvements. The TCIDA collects Payment In Lieu Of Taxes and allocates a portion of the payment to repay monies due on the project, with the balance returned to the municipalities in the form of reduced real property taxes.

Real property lease program

- Receipt and deposit of lease payments
- Payment of bills out of funds specifically related to program (RR)

The TCIDA leases real property, including railroads, over long term agreements. The agreements provide for monthly, yearly or one-time payments and have various renewal periods and terms.

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Operating grants

- Application for grants
- Receipt of grant funds
- Make remittances based up grant restrictions

The IDA periodically receives grant proceeds. Those proceeds are separately accounted for in the records and if necessary are maintained in a separate bank account. Grant proceeds are recorded in a separate income account in the year earned, and any obligation is recorded in a separate expense account in the year incurred, according to generally accepted accounting principals.

The Financial Reporting System and Transaction Classes

Cash Receipts

- The Board annually authorizes all bank accounts and check signers
- Mail is received by the Administrator and a deposit is prepared, and the deposit is checked by the Assistant Administrator (or visa versa)
- All documentation is attached to the deposit, and copies are made of the checks
- Deposits are made at least weekly if checks have been received in the mail
- Checks received are maintained locked in the Administrator's office until such time as a deposit is made
- Deposits are entered into the accounting system as the deposit is made.
- The Administrator is responsible for investigating and pursuing NSF checks
- The Agency does not receive any currency
- Wire transfers into account are recorded when notified or at the time they become funds in an account

Cash Disbursements

- All disbursements are made by check or wire transfer
- The Administrator is responsible for maintaining unused checks, including void checks, and they are kept locked in the Administrator's office
- Checks are used in numerical sequence
- Checks are drawn by the Administrator or Assistant
- Board approval and a second signature are required for all checks

The Administrator is responsible for math checking all invoices and providing the checks and all supporting documentation to a board member for approval. A board member reviews and initials all invoices.

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Cash Disbursements - continued

- Administrator properly cancels the supporting documents by indicating date paid, check number, and authorization at time of signature to prevent duplication
- Administrator physically mails checks
- All wire transfers are approved by the Board of Directors
- No signature stamps are in use, and no checks are pre-signed
- Checks are recorded by the Administrator in both the computerized accounting program and also on a manual account register

Bank Reconciliations

Monthly bank reconciliations are promptly performed at the end of each month by either the Administrator or the Assistant and checked by the other. They are further checked by the ICO at the end of each quarter.

The reconciliation includes:

- Comparison of the date of deposit to the date on the bank statement
- Comparison of canceled checks with number, payee, and amount in records
- Sequence of checks
- Examination of endorsements
- Examination for alterations
- Date of checks clearing versus date drawn
- Investigating bank transfers to determine that both sides of the transaction have been properly recorded on the books
- Old outstanding checks, over 90 days, are investigated, and appropriate measures are taken

Fixed Assets

- Review the policy for determining whether an expenditure is a capital item or a repair and maintenance
- Maintain detailed list of fixed assets, including real property, office equipment, improvements, and other capitalized expenditures
- Compare fixed asset list with depreciation schedule on annual basis
- Physically review the items on the fixed asset list for damage, obsolescence, sales, disposals, etc.
- Review and maintain adequate insurance on assets

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Investments (Certificates of Deposit)

- The Board of Directors and the agency Attorney determine the investments, whether they are permitted by law, and what the income is to be used for
- All documentation related to investments is maintained by the Administrator, locked in the office at all times. That includes identification, date of acquisition, cost, interest-dividend rate, renewal dates, and purpose.
- Only the Administrator and Assistant have access to the investment documents
- Investment income is recorded by the Administrator on either a monthly, quarterly, or annual basis based upon the individual investment
- The ICO is responsible to review this information each quarter

Notes Receivable

Notes receivable are related to the revolving loan program.

The Administrator receives monthly payments on the revolving loans. Each loan has an identification number to remove the names of the participants from reports available at the monthly Board meetings. The payments are broken down by interest and principle in accordance with an amortization schedule and entered into the accounting program. Actual payment dates are manually written on the amortization schedule. The amortization schedule is re-run twice annually to enter the actual payment date into the computerized amortization program and be recalculated based upon the date the actual payment is made. The ICO reviews this process quarterly to insure that the number of payments received is correct and the subsidiary record (amortization schedule) agrees with the accounting system.

- All documentation related to the loans, including the description of collateral, approvals, extensions, etc. is the responsibility of the Administrator. This information is kept in a locked file in the Administrator's office.
- It is the Administrator's responsibility to communicate delinquencies to the Board. It is the Board's responsibility to direct the Administrator in the resolution of the delinquencies
- Extensions, write-offs, and releases of collateral are approved by the Board of Directors

Debt Service

Bonding is generally used to finance a large project, is authorized by the Board, and structured by a law firm to assure compliance with all legal requirements, and is administered by an outside agent.

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Debt Service- continued

- In general paying agents are used for the payment of bond principal and interest and all fees associated. The IDA receives monthly statements from the bond agent with respect to all payments made from the bond trust account.
- The statements from the bond trust account are reviewed by the Administrator on a monthly basis, and the outstanding balance on the bond is verified by the CFO during quarterly review and the Independent Accounting firm annually with documentation provided by the agent.
- No internal personnel or Board members have access to the bonds, redeemed bonds, unclaimed interest checks, payments of principal or interest, or payments of any fees.

Expenditures for Goods and Services and Accounts Payable

- The Board of Directors or the Administrator authorizes all purchases. Generally the Board of Directors approves purchases through check signing.
- Purchases are made in accordance with all applicable legal requirements
- If competitive bids are required, copies are retained on file
- The Administrator is responsible for inspecting all goods purchased and received
- Only vendor invoices are considered support for payment, no vendor statements are used as the sole support for payments of goods or services
- There is no inventory reported in the accounting records
- Accounts payable is generally not recorded on a monthly basis by the Administrator. It is reviewed on a quarterly basis by the ICO, and on an annual basis by the independent accounting firm during the audit to insure a proper cut-off of purchases at quarter and year end.
- The Administrator is responsible for properly posting the expenditures to the correct account and researching any overpayments
- The ICO reviews the postings on a quarterly basis

Payroll

The Board of Directors hires, establishes pay rates, and insures that applicants prepare the required application, supplied references are verified including prior employers, and an adequate background check is completed.

The Administrator maintains personnel files in secure area, which includes original application, date hired, new hire compliance (W-4), rate of pay, retirement contribution information, sick and vacation pay policy and usage, support and collection documentation, direct deposit, and Federal and New York State withholding forms, notification of reprimands, notification of employment related meetings, signed termination notices, and correspondence signed by employee related to reprimands and termination.

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Payroll-continued

- At this time no time cards are used, sole employee is paid salary
- Leave time is reviewed quarterly by the Governance Committee
- An annual review is completed by the Board of Directors and communicated to the employee, and entered into the employment file
- Payroll processor is advised of hire date, pay rates and approved changes, deductions, and pension participation, and request for direct deposit. The payroll processor does not have any access to the bank account. All payroll checks contain the detail of gross pay and the respective deductions.
- The Administrator is required to take vacations and at that time their responsibilities are assumed by the Assistant Administrator
- The Administrator currently writes net checks which are co-signed by a Board Officer
- The Administrator makes payroll tax payments and retirement contributions, and support and collection if applicable in a timely fashion
- The ICO reviews payments on a quarterly basis
- Payroll and payroll tax accruals (if any) and expenses are reviewed quarterly by the ICO and annually by the Independent Auditor
- All employees who have access to the bank records are bonded

Federal, State and Other Award Programs

It is the Administrators responsibility to prepare and file all necessary documentation for the application process. It is also the responsibility of the Administrator to prepare and file all documentation to support the utilization of grant funds within the time imposed by the funding agencies. The application and supporting documentation are also reviewed by the appropriate Committee prior to filing.

It is the responsibility of the Administrator and the Board of Directors to fulfill the compliance requirements of the grantor. Such compliance requirements may include the use of separate cash accounts, requests for advances, use of advances within a limited time period, provision of supporting documentation, and continued monitoring of the project. Compliance requirements may also include competitive bidding, direct cost allocation, matching, and the OMB Circular133 requirement for a Single-Audit.

- The Administrator is responsible for properly recording the individual receipts and the individual disbursements related to each program in a separate income or expense account. Those accounts are used to support reimbursement requests or substantiating expenditures.
- The Administrator and the Board of Directors are responsible for reviewing and verifying that only allowable costs and expenditures are being charged toward programs.

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The Computer System (IT):

- The books and records are kept by the Administrator
- Transactions are initiated and authorized by the Board of Directors
- The Administrative assistant is trained to take on the role of the Administrator in case of temporary emergency, vacation, etc.
- The accounting records for the TCIDA are kept on QuickBooks. The office also utilizes a separate amortization program, Microsoft Office, Excel, and various other applications to produce and maintain the records of the TCIDA.
- IT personnel do not have access to initiate or authorize any transactions
- IT personnel are prohibited from initiating changes to master files unless specifically instructed to do so by the Administrator
- Passwords are used to secure the data files from unauthorized access
- All invoices, receipts, bills, bank statements, and support are maintained and stored in the Administrators office. After two years, the records are moved to, Tioga County storage space, and maintained indefinitely.

All data files are backed up on a daily basis on the Tioga County server. The daily back up picks up the recent changes, each week a complete back up is run. Essentially no data files exist on the hard drive located in the Administrator's office. The Administrator has a file on the Tioga County Server which serves as the hard drive. The Tioga County IT Department is a separate and distinct branch of the County, and is independent of the TCIDA. The Tioga County IT department serves as technical support, and off-site storage of data. The data is stored for legally required periods of time, seven years in most cases, and for indefinite periods of time when necessary. A separate back up is stored off-site for emergency management purposes.

Ancillary tasks

The Administrator attends and reports to the Board of Directors on a monthly basis the financial reports, including balance sheet and profit and loss for the month and year to date. The Administrator also records and distributes minutes to the Board of Directors meeting.

Budgets

The Administrator prepares a budget for all funds in accordance with state statutory requirements. The Board of Directors adopts the budget. Accounting principals used for preparation of the budget are the same as those used in the preparation of the financial statements. All amendments are properly authorized and approved by the Board.

Maintain the Authority Budget Office PARIS System for the TCIDA

The Public Authorities Reporting Information System is a source of information available to the public, to insure a transparent nature of the activities of the TCIDA. The Administrator is responsible for updating this website on an annual basis with financial information, evaluations, missions statements, internal control assessments etc.

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Respond to FOIL requests

It is the Administrator's responsibility to respond to Freedom of Information Letters of request. The Administrator informs the Board of Directors of each Freedom of Information request and copies the Board on all correspondence related to the request.

Monitoring

Each year the TCIDA is required to prepare a report on the assessment of its internal controls. The purpose is to determine the effectiveness of its internal control system. The assessment includes evaluation of each policy established by the TCIDA. The Governance/Audit Committee reviews each of the policies of the TCIDA on an annual basis.

Current policies:

Code of Ethics	Audit Committee Charter
Procurement Policy	Investment Policy
Governance Committee Charter	Finance Committee Charter
Property Disposition Policy	By-Laws
Whistle Blower Policy	Internal Controls Policy
Employee Handbook	

In addition, the adjustments to the financial statements are reviewed. The purpose is to determine whether the board has adequate information, on a monthly basis, to make informed decisions. Each process is evaluated to determine effectiveness and efficiency. If the process identifies actions that are needed to correct weaknesses, then those weaknesses are addressed and monitored until the agency deems them corrected.

This document should be made available to each officer, employee, and subcontractor responsible for the daily activity of the TCIDA. The purpose of this document is to stress the importance of and responsibility for effective internal controls. It is the objective of this document to establish and maintain a system of internal controls and a program of internal control review for the Agency. The program of internal control review shall be a structured, continuing and documented system designed to identify internal control weaknesses, actions that are needed to correct weaknesses, monitor implementation of necessary corrective actions and assess the adequacy of the Agency's internal controls.

This document is not statutory and is intended as a guide for the employees, Board of Directors, Administrators and the Internal Control Officer of the Tioga County Industrial Development Agency. This is subject to change and revision at the direction of the regulatory authorities and the Board of Directors.