

Nassau County Industrial Development Agency

Assessment of Internal Control System

(Per the NYS Authority Budget Office Recommended Guidance for the Assessment of the Effectiveness of Internal Controls)

Mission Statement
The Nassau County Industrial Development Agency (the "Agency") is a public benefit corporation of the State of New York formed under the New York State Industrial Development Agency Act, Article 18-A of the General Municipal Law. The mission of the Agency is to support economic development opportunities in Nassau County and to attract new companies and industries to Nassau County.

A. Primary Operating Responsibilities
Establish and Maintain Marketing Programs to Promote the NCIDA and Economic Development in Nassau County
Establish and Maintain Marketing Programs to Attract New Business to Nassau County and Retain Existing Businesses
Review and Evaluate Project Applications with Major Focus on Costs and Benefits to County and Local Communities
Review Project Covenant Compliance
Develop Operational Procedures to Enhance Effective Functioning of NCIDA
Maintain and Manage Staff Required to Support Functioning of NCIDA
Implement Appropriate Accounting and Control Functions to Promote Financial Integrity of the NCIDA
Hire a qualified external auditing firm to perform a year end audit of the NCIDA financial statements in accordance with governmental accounting standards
Comply with applicable disclosure, accounting and reporting requirements

B. Business Units, Operations, and Functions	Inherent Risk Before IC (H, M, L)	Implemented Internal Controls (See Sec C. Below)	Risk Level After IC (H, M, L)
Conduct Initial meetings, held by Executive Director or NCIDA Attorney, with prospective applicants to discuss business need and project to determine if it is within scope of NCIDA.	L		L
Transaction Committee process established to meet with applicants and review applications (unsigned) to evaluate feasibility of project as well as to vet applicants.	M	2,3,4	L
Procedures have been implemented to promote proper administration of proposed projects (applicants) and closed projects (applications).	M	1,2,3,4,5,6	L
Policies and procedures have been implemented for the receipt, disbursement and monitoring of cash.	H	7,8,11,14,26,27	L
Policies and procedures have been implemented for Personnel and Salary Administration, including payroll.	M	12,13,21	L
Staff and functions established and coordinated to optimize the operational efficiency of the IDA.	L		L
Process and structure developed to implement marketing initiatives.	L		L
A Computer System and procedures have been implemented to maximize the operational efficiency and data security of the NCIDA.	H	15,24	L
Accounting and Financial Reporting policies, procedures, and structure have been established to ensure compliance with GASB and NYS Accounting requirements, as well as to maintain appropriate levels of control and security.	H	8,9,10,21	L
Policies and procedures have been established to determine whether benefits to Nassau County outweigh incentives provided to projects (applicants).	H	1,2,3,4,5,6	L

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C. NCIDA Internal Controls	IC ID #
Transaction Committee and process established to meet with applicants and review applications (unsigned) to evaluate projected costs, benefits and the feasibility of the project as well as to vet applicants.	1
A qualified independent firm conducts an economic cost / benefit analysis of a project to determine if the benefits to Nassau County are greater than the cost of the incentives provided to the project (applicant).	2
A qualified security firm performs background checks of applicant firms and principals.	3
For applications requesting property tax incentives via a PILOT, a qualified property appraiser performs an appraisal of the project property to determine a post project tax valuation.	4
Project data base created and process implemented to monitor post-closing compliance with contractual governance requirements	5
Process established for annual on-site visits to approved project sites to ensure compliance with contractual commitments of applicants	6
The NCIDA has procedures in place to control and account for Cash Receipts.	7
Cash Disbursements policy and procedures, including compliance with section 104-b of the NYS GML.	8
General Ledger journal entry, report generation and filing, and control procedures established	9
Cash / Bank Account Reconciliations	10
Checkbook Monitoring	11
Payroll Processing procedures	12
Payroll Expense GL reconciliation	13
Accounts Payable processing & Invoice Approval policy	14
Accounts Receivable processing	15
Property & Equipment Asset control & tracking	16
Property & Equipment Capitalized Asset procedures & reporting	17
Revenue transactions	18
Paid Invoice filing	19
Petty Cash procedures, reporting & reconciliation	20
Payroll Expense ADP, Federal & State reconciliation	21
Travel & Meal Expense Policy	22
Disposition of Property Guidelines	23
Cell Phone Policy	24
Data Backup policy & procedures	25
Invoice Approval Policy	26
Check Signing Authority Policy (NCIDA Bank Resolution 2008-23)	27

D. & E. Assessment of Internal Control System by the NCIDA
<p>The NCIDA has completed an assessment of the Internal Control Systems of the Nassau County Industrial development Agency (NCIDA), which spanned several months and coincided with the preparation for the 2010 year end. In conducting the assessment the NCIDA followed the suggested steps laid out in the NYS Authority Budget Office recommended guidance for the effectiveness of Internal Controls. The NCIDA started with the NCIDA Mission Statement in identifying the Primary Operating Responsibilities, Business Units, Operations, and Functions.</p> <p>The next step in the assessment was to assess the risk exposure of each function and assign a corresponding risk level of high, medium, or low. Although the formal assessment process was not conducted until later in 2010, various internal control systems were developed and implemented throughout the year as management identified the need for them as new functions were established and existing functions reviewed. The next step in the formal assessment process was to identify the internal control systems in place.</p> <p>A formal assessment of the internal control systems was conducted to identify any weaknesses and determine if the existing internal controls were adequate to mitigate risk and prevent abuse of the Agency's assets. The results of the assessment determined that the existing internal controls were adequate, do mitigate risk, and safeguard against abuses of Agency assets. However, there was a minor weakness identified in the accounting reconciliation procedures that were shown to the outside auditors during their 2010 year end audit, which procedures were adopted prior to March 2010. A reconciliation did not exist between the Check Control Log process and the Cash GL / Bank Account Reconciliation process. An enhancement was developed and implemented.</p>

Internal Controls Assessment Statement
<p>This Statement certifies that management of the Nassau County Industrial Development Agency (the "Agency") has documented and assessed the internal control structure and procedures of the Agency for the partial year from June 1, 2010 to December 31, 2010 (i.e., the period during which the current management team was in place). This assessment has found the Agency's internal controls to be adequate and, to the extent that deficiencies were identified, the Agency has developed corrective action plans to reduce any corresponding risk.</p>