

TOWN OF HAMBURG INDUSTRIAL DEVELOPMENT AGENCY

and

HAMBURG NEW YORK LAND DEVELOPMENT COMPANY

2023 ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

Management of the Town of Hamburg Industrial Development Agency and Hamburg New York Land Development Corporation (HIDA & HNYLDC) 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 outlining the organization's financial procedures documentation and various policies. Internal controls are reviewed continuously, and adjustments are made as needed. Many administrative processes (e.g. payroll, cash management) are performed by employees of the AIDA. Examples of key internal controls are:

Payroll: HIDA payroll is processed by a third-party processor. The CEO and Bookkeeper verify that payments are only made to employees that are entitled to be paid. The third-party service organization undergoes Service Organization Controls (SOC) audit each year. Their most recent SOC 1 audit asserts that the internal controls in place at the provider are operating effectively.

RISK=LOW

Cash Disbursements: The HIDA & HNYLDC does not have an ATM card to withdraw funds. Payments are made via check or wire transfer only when there is no alternative. Invoices require approval by the CFO and CEO prior to payment. Two signatures are required on all checks. Wire transfers require the approval of CEO. The Executive Assistant and the Treasurer review all bank statements and bank reconciliations.

RISK=LOW

Cash Receipts: The Executive Assistant logs all checks, makes photocopy, stamps them "for deposit Only", codes the checks and prepares deposits. The Executive Assistant deposits checks at the bank. The Treasurer reviews deposit receipts in bank account. The Executive Assistant records deposits in the general ledger software. Wire/ACH receipts are reviewed and coded by the Executive Assistant and are recorded in the general ledger software by the Executive Assistant reviewed monthly by Treasurer and CEO.

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 CEO and Executive Assistant.

HIDA & HNYLDC are subject to an annual financial statement audit 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 review and test internal controls as part of their audit procedures. There have been no material weaknesses or significant deficiencies in neither 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 Town of Hamburg Industrial Development Agency and Hamburg New York Land Development Corporation followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending October 31, 2023.