TO: Franklin County IDA Board of Directors

FROM: Jeremy Evans, CEO/CFO

DATE: December 1, 2017

RE: Management’s Assessment of Internal Control Structure and Procedure for 2017

The CEO/CFO for the Franklin County Industrial Development Agency has the responsibility to assess the internal control structures and procedures for each agency. I assessed agency controls as they relate to finances, policies and procedures, and adherence to NYS Public Authorities Law and offer the following assessment:

**Finances:** Is there significant redundancy in processing all aspects of agency finances?

Management’s Assessment: The Independent Auditors’ Schedule of Comments to Management for the IDA issued on December 31, 2016, identified a deficiency in the design of controls over financial statement preparation. The auditor found certain revenues were not recorded at the time they were earned as is required when using the accrual basis of accounting. This error was corrected, staff were trained, and all expenses and revenues are now recorded properly. In addition, general ledger accounts are balanced monthly to insure proper balances are reflected at the end of each month. I am confident this deficiency has been addressed and that there are adequate financial controls in place and being followed.

**Policies & Procedures:** Are all appropriate policies and procedures in place? Are all policies and procedures familiar to staff? Are policies and procedures being followed?

Management’s Assessment: I have identified two required policies and one required agreement form that the IDA has not adopted. These include a Project Evaluation Policy, a Recapture & Termination Policy, and an Agent & Project Agreement Form. I am working on these policies with the Governance Committee and I am confident that they will be ready for you to adopt at the Annual Meeting in January 2018. All other required policies are in place.

**Adherence to NYS Public Authorities Law:** Are the boards and staff of each agency carefully adhering to all requirements of NYS Public Authorities Law?

Management’s Assessment: The boards and staff are familiar with and complying with the requirements of NYS Public Authorities Law.

**Summary:** It is my assessment that other than the need to adopt several required policies and forms which will be accomplished by January 2018, the agencies’ internal control structures for finances, policies and procedures and adherence to NYS Public Authorities Law are adequate. Boards and staff are diligent in following procedures and have been responsive in addressing deficiencies and adopting new best practices.