

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
2023 ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

Management of the Town of Amherst Industrial Development Agency (AIDA) 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: AIDA payroll is processed by a third-party processor, RPM. The CEO and Bookkeeper verify that payments are only made to employees that are entitled to be paid. As a service organization, RPM undergoes Service Organization Controls (SOC) audit each year. Their most recent SOC 1 audit asserts that the internal controls in place at RPM are operating effectively.

RISK = Low

- Cash Disbursements: Disbursements are made primarily by check and occasional wire transfer. Invoices require approval by the Treasurer and CEO prior to payment. Two signatures are required on all checks. During the COVID-19 pandemic, the AIDA board of directors authorized a single signature of either CEO or Treasurer on checks only after email review and approval of invoices by CEO and Treasurer. Wire transfers require the approval of CEO. The Director of Administrative Services and the Treasurer review all bank statements and bank reconciliations.

RISK = Low

- Cash Receipts: The Bookkeeper logs all checks, makes photocopy, stamps them "for deposit only", codes the checks and prepares deposits. The Bookkeeper deposits checks at the bank. The Director of Administrative Services reviews deposit slips and deposit receipts. The Bookkeeper records deposits in the general ledger software. Wire/ACH receipts are reviewed and coded by the Director of Administrative Services 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 CEO and Bookkeeper.

AIDA is 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 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 Amherst Industrial Development Agency followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2023.