



October 25, 2011

Agency Members
County of Oswego
Industrial Development Agency
Oswego, New York

In planning and performing our audit of the financial statements of the business-type activities of the County of Oswego Industrial Development Agency (the Agency), a component unit of the County of Oswego, as of and for the year ended July 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

However, during our audit, we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency.

Segregation of Duties

As expected at an Agency of a small size, there are a limited number of staff available to establish an internal control system that has significant segregations of duties. We noted for example, that one staff has complete access to print checks, access the signature stamp, enter data into the QuickBooks general ledger and perform bank reconciliations. Assigning the preparation of bank reconciliations to an independent individual would enhance internal controls.

Bank Reconciliations

We recommend that for an Agency of your size the bank reconciliation be performed by a financially experienced member of the Board, if practicable, or reviewed by the Chief Executive Officer. The monthly bank reconciliation is a vital task and separating this function from day-to-day responsibilities would enhance internal controls.

Reconciliation of Cash Receipts Logs

In addition, we noted that cash receipts are opened at the front desk and a log is made of the daily cash receipt activity. A second log is then generated by the staff who prepares the bank deposit. The use of these logs is a positive control over cash receipts and we recommend the logs be compared with each other daily by an independent person and any differences be resolved.

Review of Debtor's Financial Information

According to the Office of the New York State Comptroller, Industrial Development Agencies should monitor the ongoing activities of the businesses benefited by IDA involvement to ensure that they are financially capable to repay their debts and that they're either creating new jobs or retaining existing jobs. During our testing, we noted several instances where the Agency had no supporting documentation available for the current year financial activities of the businesses benefited by the IDA. We recommend, going forward, that the Agency implements a process to ensure information is obtained and retained for documentation.

Journal Entries

We noted that documentation is not maintained for all journal entries prepared by the Agency. In order to support the journal entries made by the Agency we recommend that adequate documentation be kept by the Agency. We also recommend that the Agency's Chief Executive Office review all journal entries made.

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Matters commented upon have not been reviewed subsequent to October 25, 2011, accordingly, we are not aware of any changes subsequent to that date. We wish to acknowledge the assistance and cooperation extended to our personnel by representatives of the County of Oswego Industrial Development Agency during our audit.

This report is intended solely for the information and use of the Board and management of the Agency and appropriate oversight agencies of the State of New York and is not intended to be and should not be used by anyone other than these specified parties.

Green + Seifter CPA's
GREEN & SEIFTER,
CERTIFIED PUBLIC ACCOUNTANTS, PLLC