



## grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

To Board of Directors and Management of  
the County of Oswego Industrial Development Agency

In planning and performing our audit of the basic financial statements of the County of Oswego Industrial Development Agency (the Agency) as of and for the year ended July 31, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies identified in Schedule A to be significant deficiencies. None of the identified significant deficiencies are considered to be material weaknesses.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

*Grossman St Amour CPAs*

Syracuse, New York  
October 25, 2023

## Schedule A

### **Oversight and Segregation of Duties**

There are a limited number of staff available on a day to day basis to sustain an internal control system with optimum segregations of duties. We noted a lack of adequate segregation within both the cash receipt and cash disbursement cycles. We recommend that management and those charged with governance remain vigilant in ensuring regular and timely oversight take place.

In addition, we noted that the opening of the mail and collection of cash receipts are segregated from other accounting functions and a log is maintained. We recommend this log be reconciled by an independent individual and any differences be resolved in a timely manner.

One employee also enters invoices in the general ledger system, prints checks, routes them to the appropriate signer, and prepares them for mailing. We recommend that these tasks be segregated among employees to mitigate the risk of misappropriation of cash.

### **Management's Response:**

Management agrees that due to the small size of the support staff, it is difficult to sustain a system of internal controls with optimum segregation of duties. To resolve this, management is taking the following actions. First, management is seeking requests for qualifications from local and regional independent financial services firms for various duties including the reconciliation of cash receipts and cash disbursement logs on a regular and timely schedule. The selected firm will also be responsible for assisting with the preparation of monthly financial statements for the IDA and performing bookkeeping reconciliations as part of the financial statement preparation, providing additional opportunities for independent oversight. Management is also exploring how to better utilize support staff to segregate duties within the cash disbursement cycle to reduce the risk for the misappropriation of cash.

### **Review of Debtor's Financial Information**

According to the Office of the New York State Comptroller, Industrial Development Agencies must monitor the ongoing activities of the businesses benefited by Agency involvement to ensure that they are financially capable to repay their debts and that they are either creating new jobs or retaining existing jobs. During our testing, we noted instances where the Agency had not yet received supporting documentation for the current year financial activities of the businesses benefited by the Agency, despite documented attempts to collect such information. While the Agency has improved the volume of financial information received from borrowers in comparison to past years, not all borrowers comply. We recommend ongoing pursuit of remaining financial information to ensure compliance with the Office of the New York State Comptroller.

### **Management's Response:**

Management agrees that the collection and review of debtors' financial information is important in order to monitor active projects and maintain compliance with the Office of the New York State Comptroller. While the IDA support staff have documented proof of multiple attempts to collect information from all companies that received financial assistance, not all borrowers comply. Management will be modifying internal procedures to increase the frequency requests for information during the collection period and to better educate companies how the information is used by the IDA. The IDA will continue to seek the remaining outstanding information required to stay in good standing.

## **Non-Compliance of Reporting Requirements**

The Agency is subject to the reporting requirements contained in the New York State Public Authorities Law and is required to file the required Public Authorities Reporting Information System (PARIS) reporting within 90 days of year-end. It is noted that the prior year PARIS reporting was not filed within the required timeframe. We recommend that Management and the Board diligently work to meet required deadlines to remain in compliance with such requirements.

### **Management's Response:**

Lastly, management agrees that the IDA was late to file within the Public Authorities Reporting Information System (PARIS) during the previous fiscal year. Management and support staff have worked together with the auditors this year to start the auditing period approximately one month earlier so it does not delay the IDA's requirement to file the required PARIS report within 90 days of the end of the fiscal year. It's important to state that while the process began earlier this year it still does not leave much time to complete by October 31<sup>st</sup> and there are some factors out of control of management including the availability of the auditors to complete their fieldwork and required financial analysis. Management will continue to optimize the process each year to ensure future compliance with the PARIS reporting deadline.