

Internal Control Procedures

The purpose of internal controls is to provide reasonable assurances that the Corporation's assets are safeguarded against unauthorized and inappropriate use, identify any weakness which may exist and take corrective action when necessary to remedy any shortcomings.

The Corporation's procedures incorporates a number of internal controls, including segregation of duties which address receipt of funds, recording of cash receipts, use of pre-numbered checks, review of invoices and preparation of checks for payment

Receipt of Funds and Recording of Receipts

All funds received are in the form of a check or money order. On rare occasion, a loan payment may be received via electronic fund transfer. No cash is ever handled or accepted as payment. Checks usually arrive by mail. When received, the envelope containing a payment is first opened by Community Development Office personnel, who record each payment in a monthly cash receipts log, recording the date received, check amount, payer and the check number. The check is marked for deposit only and locked in a drawer. The CEDC Aide is given a copy of each check received.

Deposits

Checks are deposited by the Community Development Director within one or two business days of receipt. A copy of the deposit slip, deposit receipt and deposited checks are retained in the economic development office and scanned into the CEDC's database. The deposited amount is reflected in the monthly bank statements. Bank statements and other communications are opened by Community Development staff who retain the original bank statements and provide a copy to the CEDC Aide, who monitors the receipt and recording of payments thus providing independent oversight of the process.

Cash Disbursements - Processing of Payments

Disbursements are generally made by the Corporation for business loans, consultant services, miscellaneous filing fees, legal ads, Board meetings, occasional postage for certified mail and payments to the Town of Cheektowaga for administrative costs and return of interest earned on bank accounts to the U.S. Treasury. The Corporation does not generally purchase equipment and office supplies because the Town provides office space, computer equipment, etc. for the Corporation's use. Invoices for consultant services and other expenses are reviewed by the CEDC Aide and the Treasurer, who prepares checks, to ensure that the services invoiced are consistent with the terms of the contract. Checks require the signature of two Corporation officers. The second signatory also reviews each invoice. After the check is prepared, it remains in the CEDC office with the CEDC Aide who arranges for another Officer to countersign the check. The check is then mailed to the vendor(s) by Community Development staff. A disbursement register is maintained by the CEDC Aide which contains the check number, amount, date, the payee and the service provided. A copy of the disbursement register is provided to the bookkeeper who utilizes the information to prepare reports needed for the audit.

Bookkeeping

The Corporation contracts with a bookkeeping consultant who is provided with a copy of the disbursement register, the monthly cash receipts register, the loan payment log and bank statements. The bookkeeper prepares monthly balance sheets, profit and loss statements and bank reconciliations. They also post all necessary adjustments for any accrual.

Bank Statements

Bank statements and other communications are opened by Community Development staff. Copies of the bank Statements are provided to the CEDC Aide and the Treasurer.

On-Line Banking

The CEDC is exploring establishing access to bank statements on-line so that designated Board members, such as Corporation Officers, will be able to review bank records and direct any questions or comments to the Treasurer or other appropriate individuals.

Reports

Quarterly financial reports are prepared for the Board of Directors that include an accounting of receipts, disbursements, account balances and any other relevant information, thus providing the Board with an overview of the Corporation's financial position.

Oversight

Since the Corporation office is hosted by the Cheektowaga Office of Community Development, the Community Development Director oversees the receipt and recording of payments performed by Community Development Office staff, thus providing independent oversight of the process.