

## INSTRUCTIONS FOR PREPARING 2006-07 INTERNAL CONTROL SUMMARY

This Internal Control Summary, to be submitted to the Division of the Budget by March 31, 2007, provides background on the internal control certifications made by agencies and authorities for 2006-07. The summary also requests information regarding specific actions already taken by agencies to implement recommendations included in the Internal Control Task Force report, *"The New York State Internal Control Act Implementation Guide: Strengthening Compliance with the Act and Standards."*

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AGENCY	DATE	COMPLETED BY
Ogdensburg Bridge & Port Authority	April 18, 2007	Mark T. Mashaw

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1. Describe the review process used during 2006-07 to assure that internal controls were evaluated regularly.

**The Authority regularly reviewed and evaluated internal controls during 2006-07 through the following methods:**

- Authority policies were reviewed, modified and approved in their entirety at the Board level to assure items such as policy completeness, regulatory compliance, benefit analysis, effectiveness, safety compliance, and cost measures.
- Management of the Authority met regularly on a weekly basis. As part of this process, governance issues, policy review, staff actions, staff workloads, compliance issues, and asset safeguarding were discussed to ensure that operating functions are being performed as intended, proper authorizations are made on actions, and staff workloads are balanced so that tasks can be performed per internal control requirements.
- The Authority's CFO continually monitored the effectiveness, use and practicality of existing internal controls.
- Unwritten internal control policies being followed were formalized as written policies and appropriate staff was trained by the CFO to ensure that staff would be able to follow such policies.
- As part of the Authority's annual financial statement audit, the Authority's independent auditor evaluated internal controls. Any suggestions or recommendations to improve controls were adequately responded to. These recommendations may be oral or written depending on the severity.
- The Authority's insurance carrier conducted an annual survey of Authority operations. Recommendations made to improve safety or the safeguarding of assets was adequately responded to.
- The Office of the State Comptroller issued a final audit report on the Internal Controls Over Financial Operations of the Authority on November 30, 2006. In the report, there were 28 recommendations for strengthening the internal controls of the Authority. The Authority, in agreement with all recommendations, feels that appropriate action was taken to address the recommendations.

2. List all high-risk activities and indicate which were reviewed during 2006-07.

**High-risk activities of the Authority are:**

- Cash collection and handling.
- Toll collection reporting.
- Payroll processing.
- Budget monitoring.
- Cash disbursement procedures.

**All of the above mentioned high-risk activities were reviewed during 2006-07.**

3. Identify the significant deficiencies revealed through the agency's 2006-07 review process. Outline the actions taken, or planned, to eliminate the deficiencies. Highlight the most important internal control improvements made during the year.

**The internal controls audit report issued by the Office of the State Comptroller revealed 28 recommendations for internal control improvements. Please find attached a letter from the Authority's Chairperson detailing the actions taken by the Authority to correct the deficiencies noted.**

4. Describe the monitoring system installed by the agency to verify that corrective actions are, in fact, taken. Discuss the extent to which electronic data processing systems are used to track steps taken to reinforce internal controls.

**Corrective actions are verified by the Authority's management team. Once a corrective action is set in place, management is responsible for monitoring. This may be done by verbal inquiry, actual observation, and review of written documentation as necessary.**

**The Authority's toll collection system and computerized accounting system is the extent to which electronic data processing systems are used to track internal controls.**

5. Summarize specific actions the agency has taken to install a compliance testing program in accordance with the methods presented in the *Managers Guide: Testing Compliance with Internal Control Requirements*, which can be downloaded from BPRM Item B-350. Describe actions taken during 2006-07 to verify test results and expand the testing program.

**The Authority has taken specific action in 2006-07 for compliance testing in the following areas:**

- Recording and depositing of checks received.
- Proper invoice authorization.
- Receipt and deposit of cash collections.
- Inventory control and recording.

**In all areas mentioned above, 100% testing of attributes are performed by Authority staff independent of the control function. 100% testing is used as the volume of transactions does not necessitate the use of a sample size.**

6. Discuss the methods used in 2006-07 to provide internal control education and training to keep agency/authority staff aware of the need for internal controls.

**In 2006-07, the Authority's Chairperson, Executive Director, Chief Financial Officer and newly installed Board members attended the "Public Authorities Board Governance Seminar" developed by the NYS Commission on Public Authority Reform. The Chief Financial Officer also attended two additional full day seminars specific to internal control training. Items of importance obtained from these seminars were passed along to Authority staff.**

**Recommendations contained in the OSC audit report mentioned previously were shared with the Authority accounting staff to further their awareness of the importance of proper internal controls.**

7. Describe measures instituted to sustain the effectiveness of the internal control program during 2006-07. Include information on reorganizations and other revisions in the program to enhance operations.

**Unwritten internal control procedures being practiced were formalized into specific written policies during 2006-07. This has improved the effectiveness and awareness of the internal control program. Examples of specific written policies developed include journal entry authorization, toll card sales, and verification of cash receipts and deposits.**

8. For those agencies required by BPRM Item B-350 to have an internal audit (IA) function, demonstrate how that function complies with requirements of the Internal Control Act and professional IA standards. Provide the following:
  - The name and title of the IA director.
  - The name and title of the person to whom the IA director reports.
  - A description of the internal audit director's credentials, education and experience that demonstrates how those qualifications meet IA standards.
  - The amount of continuing professional education the director and each staff member has received over the past two years.
  - The date and results of the last quality assurance review and an expected timeframe for the next review.
  - A description of how the IA function ensures that it does not compromise its independence if it is also responsible for other functions (i.e., internal control, information security or other duties).
  - A demonstration of how the IA function conducts its operations in accordance with professional IA standards by responding to the following questions:
    1. Does the IA function develop and follow a risk-based audit plan?
    2. When audits are conducted, are internal controls evaluated, weaknesses identified and recommendations made to correct those weaknesses?
    3. Does the IA function maintain adequate work papers?
    4. Does the IA function conduct follow-up audits?

**As determined by the Director of the Budget (Attachment B of item B-350), the Ogdensburg Bridge and Port Authority is not required to maintain an Internal Audit function.**

9. Outline the specific actions taken to implement recommendations included in the Internal Control Task Force report, "*The New York State Internal Control Act Implementation Guide: Strengthening Compliance with the Act and Standards.*"

**The Authority's Internal Control Officer has read and understands the recommendations set forth in the "Internal Control Act Implementation Guide". Specific actions to implement recommendations included in the report are being formulated and are now in the planning stage.**

## INTERNAL CONTROL CERTIFICATION

**Ogdensburg Bridge and Port Authority**  
Agency/Authority Name

**Wade A. Davis, Executive Director / Fredrick J. Carter, Sr., Chairperson**  
Agency Head/Chairperson Governing Board

**One Bridge Plaza, Ogdensburg, NY 13669**  
Agency/Authority Address

**(315) 393-4080**  
Telephone Number

**Mark T. Mashaw, CPA**      **One Bridge Plaza, Ogdensburg, NY 13669**  
Name of Internal Control Officer      Address

**(315) 390-4080**  
Telephone Number

**mmashaw@ogdensport.com**  
Email Address of Internal Control Officer

I hereby certify that the agency or authority has complied with the following provisions for internal controls.

These provisions are as follows:

- A. Establish and maintain guidelines for a system of internal controls for the agency or authority. Internal control guidelines communicate the management and programmatic objectives of an agency or authority to its employees and provide the methods and procedures used to assess the effectiveness of the agency or authority internal controls in supporting these objectives.
- B. Establish and maintain a system of internal controls and a program of internal control review for the agency or authority. The program of internal control review shall be a structured, continuing and well-documented system designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the agency's or authority's internal controls.
- C. Make available to each officer and employee of the agency or authority a clear and concise statement of the generally applicable management policies and standards with which the officer or employee of such agency or authority shall be expected to comply. Such statements shall emphasize the importance of effective internal controls to the agency or authority and the responsibility of each officer and employee for effective internal controls.
- D. Designate an internal control officer, who shall report to the head of the agency or authority or their designee within the executive office, to implement and review the internal control responsibilities established pursuant to this Item.
- E. Implement education and training efforts to ensure that officers and employees within such agency or authority have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques.
- F. Periodically evaluate the need for an internal audit function.

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Signature/Agency Head or Chairperson Governing Board

**Fredrick J. Carter, Chairperson**

**April 18, 2007**  
Date