

## INSTRUCTIONS FOR PREPARING 2007-08 INTERNAL CONTROL SUMMARY

This Internal Control Summary, to be submitted to the Division of the Budget by April 30, 2008, provides background on the internal control certifications made by agencies and authorities for 2007-08. 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 28, 2008	Mark T. Mashaw

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1. Describe the review process used during 2007-08 to assure that internal controls were evaluated regularly.

**The Authority regularly reviewed and evaluated internal controls during 2007-08 through the following methods:**

- **Management of the Authority met regularly on a weekly basis to foster improved communication, to share ideas, and to ask for input and assistance when required. These meetings regularly revolved around items such as outside regulatory requirements (federal, state & local), internal policy compliance, employee actions and workloads, proper safeguarding of assets, professional ethics, and Board & Committee involvement. These meetings were of significant importance to provide management with "checks and balances" to ensure that internal controls were effective, relevant, and continually evaluated.**
- **As part of the Authority's annual financial statement audit, the Authority's independent auditor evaluated internal controls. The results of this internal control evaluation were shared with Authority management during the auditor's fieldwork. Any recommendations to improve internal controls were adequately responded to. These recommendations may be oral or written depending on the severity. The Authority's independent auditors also performed a "Single Audit" during the 2006-07 financial statement audit. This engagement requires further internal control compliance auditing by the independent auditors.**
- **As part of the annual insurance policy renewal process, an outside risk prevention consultant conducted a survey of Authority assets and operations. This survey resulted in a written report to the Authority to help further enhance internal controls and the safeguarding of assets.**
- **The Authority's Chief Financial Officer continually reviews and assesses the effectiveness, use, practicality and completeness of established internal controls.**
- **The Board of Directors reviews and evaluates internal controls through the approval of internal policies. The Audit Committee reviews and evaluates internal controls through communication with the Authority's independent financial statement auditors.**

2. List all high-risk activities and indicate which were reviewed during 2007-08.

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

- **Cash collection and handling.**
- **Toll collection reporting.**
- **Cash disbursement procedures.**
- **Payroll processing.**
- **Billing procedures and completeness.**

**All of the above mentioned high-risk activities were reviewed during 2007-08.**

3. Identify the significant deficiencies revealed through the agency's 2007-08 review process. Outline the actions taken, or planned, to eliminate the deficiencies. Highlight the most important internal control improvements made during the year.

**The Authority's internal review process did not identify any significant internal control deficiencies. Furthermore, the annual financial statement audit performed by the Authority's independent auditors did not disclose any significant internal control deficiencies.**

**Internal control improvements made during the year were in the areas of internet bank transfers, toll collection monitoring, and bank deposit reconciliation.**

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 monitored and verified by the Authority's Chief Financial Officer and other members of Authority management as deemed appropriate. Monitoring of corrective actions may also be done at the Board level. Monitoring activities include verbal inquiry, actual observation, and review of written documentation as necessary.**

**The Authority's computerized toll collection system and computerized accounting system are used as tools 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 2007-08 to verify test results and expand the testing program.

**The Authority has taken specific action to install or maintain compliance testing in the following areas:**

- **Recording and depositing checks.**
- **Proper invoice authorization.**
- **Receipt and deposit of cash collections.**
- **Bank account reconciliation procedures.**
- **Medical and prescription claim processing.**

**Test results are verified by physical documentation of transactions and attributes. In all areas mentioned above, testing of the transactions and attributes are performed by management or staff independent of the control function. 100% testing (entire population) is used as the volume of transactions does not necessitate the use of a sample size.**

6. Discuss the methods used in 2007-08 to provide internal control education and training to keep agency/authority staff aware of the need for internal controls.

**Board members were kept current in the training requirements of Executive Order #135 through programs offered by the NYS Commission on Public Authority Reform and the City University of New York School of Professional Studies.**

**The Authority's Chief Financial Officer attended the following seminars related to internal controls:**

- **Annual Internal Control Conference sponsored by the Division of the Budget and the Office of the State Comptroller (OSC).**
- **Public Authority Reporting Information System (PARIS) Training sponsored by the Authority Budget Office and the OSC.**
- **Public Authority Accountability Act Training sponsored by the NYS Economic Development Council.**

**Relevant information obtained from these seminars was passed along to Authority staff. The Authority's Chief Financial Officer also stresses the importance of proper internal controls to staff on a regular basis to promote internal control awareness.**

7. Describe measures instituted to sustain the effectiveness of the internal control program during 2007-08. Include information on reorganizations and other revisions in the program to enhance operations.

**Continued training has helped to sustain the effectiveness of the internal control structure. There were no reorganizations or significant revisions to the program during 2007-08. Based upon information obtained at the Annual Internal Control Conference, the Authority is planning to more fully develop a written policy in 2008-09. The written guidance will provide staff with a more complete knowledge of the entire internal control process.**

8. Outline specific actions taken to implement the internal control 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.*" Using the "Compliance Roadmap for Internal Control Officers, Directors of Internal Audit and Other Stakeholders" as a guide, please provide a point-by-point affirmation of compliance with, or gap analysis of, each of the recommendations directed to agencies on pages 2, 3, 9 and 10. Please provide an action plan and related timetable for any instances of non-compliance. The Compliance Roadmap can be accessed at:  
[http://www.osc.state.ny.us/agencies/ictf/docs/roadmap\\_app\\_a.pdf](http://www.osc.state.ny.us/agencies/ictf/docs/roadmap_app_a.pdf).

## **COORDINATION & IMPLEMENTATION**

### **1. Staff communication**

Communication performed with the review of the independent auditor's financial statements.

### **2. Preliminary risk/vulnerability self-assessment**

Since a two-level evaluation program is not used, the preliminary risk/vulnerability self-assessment is not applicable.

### **3. Detailed assessment of each function**

The Authority has identified inherent risks and internal controls for each function. It is planned to have these identified risks and controls detailed in a complete written assessment format in the upcoming 2008-09 year.

### **4. Frequency of reporting cycles**

The reporting cycle frequency for function risk assessment and internal control review is annually. The reporting cycle frequency for other reporting documents is less than annually and varies.

### **5. Approval process**

The Authority's Internal Control Officer (ICO) is responsible for the approval process.

#### **6. Periodic review process**

To ensure that the internal control program is accurate and up-to-date, the program's organizational structure and inventory of functions is reviewed annually.

#### **7. Improvement process**

The process for identifying improvement areas, corresponding corrective actions, and the monitoring of such corrective actions needs to be more clearly defined by the ICO. It is anticipated that a clearly defined process will be created in 2008-09. A very informal process of identifying and addressing improvement areas exists through the routine duties and observations of the ICO.

#### **8. Documentation standards**

The retention period for internal control documents exceeds the reporting cycle times. In addition, documents are retained for independent audit by the Office of the State Comptroller. It is anticipated that a more clearly defined document retention schedule will be created in 2008-09.

### **EDUCATION & TRAINING**

#### **1. Training levels**

The Authority's ICO has assigned all management and staff to one of the three designated training levels.

#### **2. Training objectives and key concepts**

Although not in written format, the Authority's ICO has identified and communicated internal control objectives and key concepts to Authority management and staff on an ongoing, routine basis.

#### **3. Basic framework for education and training**

As part of the communication process, management routinely identifies the methods of delivery and frequency for internal control learning concepts.

#### **4. NYSICA Resource Library**

NYSICA resources and other resources are used by the Authority to further enhance the Authority internal control program.

9. For those agencies required to have an internal audit (IA) function, demonstrate how that function complies with the expanded requirements of BPRM Item B-350's Section III, "Internal Audit Responsibilities," 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 how the internal audit director's credentials, education and experience meets the minimum qualifications established in B-350.
  - A description of how continuing professional education requirements are met by the director and each staff member.
  - A description of how quality assurance review requirements are being met.
  - 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).

In addition to the information outlined above, using the "Compliance Roadmap for Internal Control Officers, Directors of Internal Audit and Other Stakeholders" as a guide, demonstrate how the IA function conducts its operations in accordance with professional IA standards. Provide a point-by-point affirmation of compliance with, or gap analysis of, each of the internal audit recommendations directed to agencies on pages 11, 12 and 13. Please provide an action plan and related timetable for any instances of non-compliance. The Compliance Roadmap can be accessed at:  
[http://www.osc.state.ny.us/agencies/ictf/docs/roadmap\\_app\\_a.pdf](http://www.osc.state.ny.us/agencies/ictf/docs/roadmap_app_a.pdf).

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

## 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**

Name of Internal Control Officer

**One Bridge Plaza, Ogdensburg, NY 13669**

Address

**(315) 393-4080**

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 and responsibility for effective internal controls.
- D. Designate an internal control officer, who shall report to the head of the agency (or their designee within the executive office) to implement and review the Internal Control Act responsibilities.
- 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. If an internal audit function exists, it shall be maintained in compliance with generally accepted professional auditing standards.

**Fredrick J. Carter, Chairperson**

Signature/Agency Head or Chairperson Governing Board

**April 29, 2008**

Date