

UCIDA

Ulster County Industrial Development Agency

Internal Controls Assessment as of 12/31/18

A. Define major business functions

- **Enhance economic development potential by:**
 - Offering Payment in Lieu of Tax (PILOT) agreements
 - Issuance of bonds
 - Providing sales and mortgage recording tax exemptions
- **Foster increased living wage jobs by inducing quality projects for residents and tax payers**
- Provide PILOT agreements that adhere to the enabling IDA Statute
- Ensure IDA Applications are correct, and appropriate tracking is in to insure applicants adhere to UTEP awarded point categories
- Ensure the financial stability of the IDA
- Promote a culture of governance through transparency while adhering to and adopting IDA statewide best practices

B. Determine the risks associated with operations

Risks:

- | | |
|---|----------|
| • Issuance of Bonds | Low |
| • Proper Issuance of tax exemptions | High |
| • Foster Business development while balancing tax Payer concerns | High |
| • Improper influence of project taxing jurisdictions on UCIDA decisions | Moderate |
| • Improper political influence on UCIDA decisions | High |
| • Board conflicts of interest | Moderate |
| • Improperly implemented Pilots | Moderate |
| • Negligent or fraudulent administration of UCIDA | Moderate |
| • Independence of IDA | High |
| • Project does not accomplish its goals or meet financial obligations | Moderate |
| • Financial Operations Fraud | Moderate |
| • Administrative Errors | Moderate |

C. Internal and External controls in place to mitigate above risks

- Mission Statement
- By-laws

- Policies
- Rigorous pre-screening and questioning of applicant for suitability of projects
- Strong project compliance by administrative staff to ensure UTEP compliance
- Clear procedures involving approval process
- Rigorous review of contract and contract negotiation
- Annual audit of financials
- Website for information and education
- Rigorous examination and audit of tax bills utilized by municipal taxing entities

D. Assessment of effectiveness of internal controls

- Internal review suggests a more rigorous annual compliance with reporting from Pilot clients that is timely for State Reporting and also requires higher accuracy and precision in data reporting.
- Internal review suggest much more rigorous adherence to some of the UTEP provisions either at the application stage, and/or construction stage and/or during the life of the Pilot.
- Internal review suggests continued effort is needed by the board and relevant committees to ensure review and revisions as needed of the UTEP, Abatement Schedule and Pilot Points Matrix Calculator.
- Internal review suggests stronger connection made between numbers of jobs and salaries paid for those jobs as qualifiers for obtaining inducements is needed so as to better promote the mission of job creation and development.
- Internal review suggests continuous and rigorous review of policies to insure equitable balance between being “business fair” and “taxpayer friendly.”

E. Corrective Actions

- Actions will be developed where weaknesses have been identified
- Actions are reviewed with appropriate committees with read out to the entire Board
- Corrective Actions are included in public records
- Create and adapt enhanced prescreen and review process
- Institute executive committee for improved oversight
- Review of process for tax payment confirms as well as bond confirms.
- Annual New York State Authorities Budget Office reporting accuracy