

## MANAGEMENT LETTER

February 9, 2023

The Board of Directors  
Town of Lockport Industrial Development Agency

In planning and performing our audit of the financial statements of Town of Lockport Industrial Development Agency (the Agency), a business-type activity, as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, 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 opinion 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.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We continue to emphasize the following:

### **Oversight by the Board of the financial operations of the Agency is a critical key control**

Because ideal segregation of duties is difficult to achieve in a small office environment, we continue to stress the importance of strong oversight by the Board of Directors in the financial operations of the Agency.

- The Board continues to provide consistent oversight of monthly financial data, including requesting support for and approving all payments before checks are signed, asking questions about unusual transactions, reviewing monthly reconciliations for all major balance sheet accounts, and reviewing the unopened bank statements and cancelled checks (or bank images). Board members should also sign the vouchers noting their approval.
- Purchases initiated by the executive director are approved by the treasurer.

We recommend that the Board continue to perform the above-referenced duties.

This communication is intended solely for the information and use of management and the Board of Directors of the Agency. It is not intended to be, and should not be, used by anyone other than these specified parties.

