



Chautauqua, Cattaraugus, Allegany & Steuben Counties

Southern Tier Extension Railroad Authority

Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779
TEL (716) 945-5301 FAX (716) 945-5550 TDD (716) 945-5301

"This institution is an equal opportunity organization"
John Margeson, Chairman

STERA Internal Control Procedure

1. Procurement and Disbursement Procedures

STERA's procurement of goods and services shall be consistent with its Procurement Policy.

Individual purchases in excess of \$500.00 shall require pre-approval by the Board. Individual purchases of goods and services in amounts up to \$500.00 may be made by the Procurement Officer (Chief Executive Officer, or CFO, as designated by the Board) without Board approval.

All checks drawn shall match with an invoice or voucher and shall be signed and counter-signed by the any two of the following: the CFO and/or authorized Board member(s). The CFO shall recommend the approval of all checks to the Board.

In the case of purchases of goods and services in amounts up to \$500.00, the CEO may authorize payments by the CFO, with checks signed and counter-signed by the any two of the following: the CFO and/or authorized Board member(s), for purchase without the prior approval of the Board.

2. Cash Handling Procedures

- **Cash Disbursements:** When invoices are received, the CEO will enter the invoice into the Quickbooks accounting system and then forward the invoice on to a second employee of the contract agency Southern Tier West, who will cut a check to pay the invoice, obtain signatures on the check, and mail the check to the recipient. On a monthly basis, the CEO will provide statements from Quickbooks to the Corporate Secretary, who will perform the bank reconciliation, which he will sign or initial and return to the CEO for transmission to the CFO for review and final filing.
- **Cash Receipts:** When receipts are received, the CEO will enter the receipts into the Quickbooks accounting system and then forward the receipts on to a second employee of the contract agency Southern Tier West, who will deposit the receipts into STERA's financial institution. On a monthly basis, the CEO will provide statements from Quickbooks to the Corporate Secretary, who will perform the bank reconciliation, which he will sign or initial and return to the CEO for transmission to the CFO for review and final filing.

3. Preparation, Review, and Approval of Interim Internal Financial Statements

The CFO shall review bank statements, checks, draft interim financial statements, and a reconciliation report that shall reconcile bank statements and draft interim financial statements. The reconciliation

report also shall contain a list of checks drawn. Upon the review of these documents, the CFO shall recommend the approval of draft interim financial statements and checks drawn to Board.

4. Annual Certified Independent Audit

An independent audit shall be performed annually by a certified auditor. The auditor rotation process shall be consistent with NYS ABO requirements.

5. Summary Analysis of Internal Control Procedures

The Board has found that this internal control procedure policy minimizes the financial risk to which the organization is exposed. Given the size of the Authority's administrative staff, coupled with the type of daily activity and the number and size of financial transactions, this internal control procedure policy should be secure and effective.