

NIAGARA FALLS WATER BOARD (NFWB)

ANNUAL ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

Section 2800 (1)(a)(9) and Section 2800 (2)(a)(9) of Public Authorities Law require all public authorities to complete an annual assessment of the effectiveness of their internal control structures and procedures.

The importance of an adequate system of internal control is to: (a) promote effective and efficient operations so as to help the authority carry out its mission; (b) provide reasonable, but not absolute, assurance that assets are safeguarded against inappropriate or unauthorized use; (c) promote the accuracy and reliability of accounting data and financial reporting to ensure transactions are executed in accordance with management's authorization and recorded properly in accounting records; (d) encourage adherence to management's policies and procedures for conducting programs and operations; and (e) ensure compliance with applicable laws and regulations. Furthermore, a successful system of internal control includes performing an annual assessment to identify potential weaknesses in policies or procedures and to implement corrective actions.

NFWB Mission Statement

The mission of the Niagara Falls Water Board (NFWB) is to provide safe and reliable water and wastewater management services to our community in an economical and efficient manner.

Internal Control Assessment

This statement certifies that the Niagara Falls Water Board (NFWB) followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2011. To the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.

In 2011 the NFWB assessed several internal control areas of concern including the following:

- Accounting Records – segregation of duties
- Accounting Records – timeliness and usefulness
- Cash Disbursements – segregation of duties
- Purchasing

Corrective Actions

In 2011 the NFWB took the following corrective actions to improve its internal control:

- Password protected internal computers
- Implemented password expiration policy
- Began enhanced records management program
- Reviewed assignments to ensure proper segregation of duties
- Staff has updated records as required (based on when information becomes available)
- PARIS reports were completed and submitted as required
- Enhanced supervision of activities was implemented when segregation of duties was less than ideal
- The NFWB's purchasing policy was updated and distributed to employees involved in purchasing

This report can be found on the NFWB's website at www.nfwb.org