



September 19, 2019

To the Board of Directors  
Olean Local Development Corporation  
Olean, New York

In planning and performing our audits of the financial statements of *Olean Local Development Corporation* as of and for the years ended May 31, 2019 and 2018, in accordance with auditing standards generally accepted in the United States of America, we considered *Olean Local Development Corporation's* internal control over financial reporting 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in *Olean Local Development Corporation's* internal control to be material weaknesses:

#### **Segregation of Duties**

*Olean Local Development Corporation* is a small organization made up of volunteers, one of which has been involved in the financial record keeping. In such an environment, it is difficult, if not impossible, to segregate duties of the accounting functions from custody and control over assets such as cash. The Organization should obtain involvement from its Board of Directors in reviewing of monthly financial reports.

#### **Bank Reconciliations**

During our testing, we noted that bank reconciliations are not being prepared by the Organization's personnel on a monthly basis. Bank reconciliations are an important internal control and should be prepared on a monthly basis to assure that potential reporting errors in posting cash receipts and disbursements to the general ledger are both detected and resolved in a timely manner. We recommend that the *Olean Local Development Corporation* implement a process in which the preparation and review process is documented in order to assure that the reconciliations are being prepared in a timely fashion. Because of the limited segregation of duties as mentioned above, the Organization should consider having someone independent of the accounting /general ledger function prepare the bank reconciliations.

Sincerely,

*Buffamante Whipple Buttafaro, P.C.*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**