

## Hamilton County IDA 2015 Internal Control Effectiveness

The Hamilton County Industrial Development Agency maintains financial records internally, while submitting to an independent audit annually. Since most of the IDA's activity is related to the issuing of loans and collection of repayment, policies are in place to insure that the money going out is fully approved by the board of directors, and that loan repayments are current.

Applications containing sensitive financial data are kept confidential as a policy and requirement of the IDA

Two signatures of board members are required on checks to loan recipients following:

1. Review of application by the board of directors
2. Review of financial records by the board of directors
3. Review of collateral; where necessary, the executive director seeks appraisals
4. A vote of the board of directors approving the amount and terms of the loan, contingent upon satisfactory UCC searches and
5. Review by legal counsel
6. Execution of loan documents

All IDA bills must be approved by a vote of the board of directors before payment. These payment checks, too, require the signature of the Chairman and Vice Chairman of the Board of Directors. Signature stamps do not exist for any IDA bank accounts.

Having a bank balance in excess of \$250,000, the IDA authorized a collateral agreement that was executed in early January of 2013.

Loan recipients more than 10 days in arrears are called by staff to remind them that a payment is due.

Loan recipients more than 30 days overdue with a loan payment are sent an official notice via USPS requiring immediate payment. If a payment has not been made within 45 days, the loan recipient is called to determine if some sort of payment adjustment can put them back on schedule – seasonal businesses may make double payments during the summer when there is cash flow, for example, and no payments during the winter months. If phone calls are not answered, the business address is visited in person so IDA staff and the loan recipient may talk face-to-face.

If there is no communication between the IDA staff and loan recipients in arrears after three months, a notice of potential foreclosure is sent by registered mail. If that elicits no reaction, and visits to the business and phone calls produce no results, then foreclosure may be initiated.

All accounts except one were current at the close of 2015; Fresh Look Remodeling has still not returned a loan refinance agreement and is not making regular payments according to the terms of the unexecuted refinance agreement. The IDA has turned this matter over to their Attorney and permitted him to take legal action against Mr. Cooper.

The IDA has no paid staff. The staff is comprised of Hamilton County employees who include work for the IDA among other duties. These employees are subject to county regulations and controls.