

## 2017 Assessment of the Effectiveness of Internal Controls

Purpose: The St. Lawrence County Industrial Development Agency Civic Development Corporation (“SLCIDA-CDC”) is a local development corporation created under Section 402 and 1411 of Not-For-Profit Corporation Law of New York. Created by St. Lawrence County, the SLCIDA-CDC helps to support the operations of not-for-profit corporations within the County to increase employment opportunities for the residents of the County and provide financing through low-interest loans and the issuance of tax exempt and taxable bonds to projects of not-for-profit corporations, which is essential to the continued development, construction, improvement and operation of projects by not-for-profit corporation.

Internal Controls: The accounting, financial reporting, and cash management functions are carried out relying on a multitude of internal controls. A Financial Procedures manual details all aspects, when applicable, of the financial controls in place. Examples of some of the controls used are listed below:

- **Accounts Payable** - A voucher process is utilized to safeguard SLCIDA-CDC finances. All SLCIDA-CDC vouchers require review and verification by the Chief Financial Officer, who prepares the voucher and check. Additional verification are required by two additional persons. A member of staff, and the Chief Executive Officer. Two signatures is required on all checks issued (typically the Chief Financial Officer and SLCIDA-CDC Chairman). – *Multiple persons signing off on the process makes this low risk.*
- **Accounts Receivable** - All monies received by the SLCIDA-CDC are recorded into a main check register by a staff member, who then stamp endorses all checks and delivers them to the Chief Financial Officer. The Chief Financial Officer ensures that all funds are coded (categorized). Each check is entered into the QuickBooks system, a receipt generated, and a deposit created. The deposit receipt from the bank is then attached to the appropriate back up document for the deposit. – *Log books, bank verification & receipts make this low risk.*
- **Investments** - Certificates of deposit are bid out to the financial institutions recognized in the SLCIDA-CDC’s Investment Policy. When a CD matures, the financial institutions are contacted and a bid is requested. The CD is awarded to the financial institution that can offer the highest interest rate. Pursuant to the SLCIDA-CDC’s Investment Policy no one financial institution may hold more than 60% of the SLCIDA-CDC’s cash on deposit. Only persons authorized by the SLCIDA-CDC’s Board are allowed to open a CD. Typically, this responsibility falls to the Chief Financial Officer. – *Allocating cash at various financial institutions reducing the risk of loss and utilizing authorized signers makes this a low risk.*

The system of controls applicable to the SLCIDA-CDC was last reviewed by the SLCIDA-CDC’s Board on September 29, 2017. The Board’s review affirmed that there are no material control weaknesses to be reported. The SLCIDA-CDC undergoes an annual financial audit by an independent CPA firm. While auditors are not engaged to perform an audit of internal controls, auditors do provide management letter comments when they encounter internal weaknesses. No material weaknesses have been identified by the independent auditors. If a weakness was noted, it would be addressed by the Audit and Finance Committee. A change in protocol would be made to lower the associated risk and reduce weakness in the internal control, and a solution then presented to the Board.

In summary, the present internal control structure appears to be sufficient to meet internal control objectives that pertain to the prevention and detection of errors and irregularities.

Reviewed by:

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Chief Executive Officer - Date

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Chief Financial Officer - Date