

2019 Assessment of the Effectiveness of Internal Controls

**Purpose:** The St. Lawrence County Property Development Corporation (“SLCPDC”) is a local development corporation created under Section 402 and 1411 of Not-For-Profit Corporation Law of New York. Created to foster the creation, retention and expansion of jobs and economic opportunities in St. Lawrence County, New York by constructing, acquiring, rehabilitating and improving sites, buildings and other related facilities in St. Lawrence County.

**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, if applicable, of the financial controls in place. Examples of areas where risk is typically associated and some of the internal controls used are listed below:

- **Accounts Payable** - A voucher process is utilized to safeguard SLCPDC finances. All SLCPDC 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 are required on all checks issued (typically the Chief Financial Officer and SLCPDC Chairman). – *Multiple persons signing off on the process makes this low risk.*
- **Accounts Receivable** - All monies received by the SLCPDC are recorded into a main check register database 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 typically bid out to the financial institutions recognized in SLCPDC’s Investment Policy. When a CD matures, it is renewed for an additional term at the current institution, or financial institutions are contacted, and bids are requested. The CD is awarded to the financial institution that can offer the highest interest rate and complete collateralization. Pursuant to the SLCPDC’s Investment Policy no one financial institution may hold more than 60% of the SLCPDC’s cash on deposit. Only persons authorized by the SLCPDC’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 SLCPDC was last reviewed by the SLCPDC’s Governance Committee on October 25, 2019 and the complete Board on October 31, 2019. The Board’s review affirmed that there are no material control weaknesses to be reported. The SLCPDC 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:

[Redacted Signature]

10/31/19

Chief Executive Officer - Date

[Redacted Signature]

10/31/19

Chief Financial Officer - Date