



Policy No. 16
EDC WARREN COUNTY
Assessment of the Effectiveness of Internal Financial Controls Policy

BACKGROUND:

Section 2800(1) (a) (9) and Section 2800(2) (a) (8) of Public Authorities Law and pursuant to NYS Public Authority Office recommended practice require all public authorities to complete an annual assessment of the effectiveness of their internal control structures and procedures.

1. INTENT:

The purpose of the EDC Warren County (EDC) system of internal control shall be to:

- a) Promote effective and efficient operations so as to help the EDC in carrying out its mission.
- b) Provide reasonable assurance that the EDC's assets are safeguarded against inappropriate or unauthorized use.
- c) Promote the accuracy and reliability of accounting data and financial reporting to ensure that transactions are executed in accordance with the EDC Board's authorization and that they are recorded properly in accounting records.
- d) Encourage adherence to the EDC Board's policies and procedures for conducting programs and operations.
- e) Ensure compliance with applicable laws and regulations.

This system of internal control includes performing an annual assessment to identify potential weaknesses in policies or procedures and to implement corrective actions.

This assessment shall identify significant weaknesses in controls, recognize emerging or inherent risks, and enable early detection of existing or potential problems. If an internal control system is working effectively, the EDC Board will have a reasonable indication of the reliability of its operating practices and the accuracy of the information it uses to measure its activities and performance. Any deficiencies identified as a result of the assessment shall be addressed by the EDC Board.

3. EDC'S INTERNAL CONTROLS ASSESSMENT PLAN:

A. Define the EDC's Primary Functions:

1. Annually review the mission of the EDC and verify that its primary operating responsibilities, operations and functions will help fulfill its mission.
2. Annually evaluate the EDC's written mission statement to ensure that it clearly defines the EDC's purpose.

3. Define the EDC's objectives and ensure they are understood by EDC staff.
4. Review policies, procedures and guidelines to ensure that they guide EDC staff in the operations of the EDC and provide methods and procedures to assess the effectiveness of those functions.

B. Determine Risks:

1. Assess the internal and external risk exposure and associated vulnerability of each function of the EDC and assign a corresponding risk level (i.e., high, medium, or low).
2. If a risk is identified, the EDC Board shall determine how to best handle it by evaluating its significance, likelihood, and because
3. Based on the assigned risk levels, the EDC Board shall determine how frequently it will review the controls in place for each function.

C. Review Existing Internal Control Systems in Place:

1. The EDC Board and staff shall annually review and examine the policies and practices in place to ensure that those policies and practices are effective in addressing the risks that are relevant to the operation.

D. Assess the Extent to Which the Internal Control System is Effective:

1. The assessment of internal controls should be a structured and monitored process to identify and to report any weaknesses of the internal control structure to the EDC Board.
2. This process should determine if the existing control structure and procedures are adequate, to mitigate risk, minimize ineffectiveness and deter opportunities that could lead to the misappropriation of assets.
3. The assessment should provide the EDC Board with information as to whether the EDC's policies and operating practices were understood and were executed properly, and whether they are adequate to protect the organization from waste, abuse, misconduct, or inefficiency.
4. This assessment shall be completed through a combination of inquiry and observation, a review of documents and records and by replicating transactions to test the sufficiency of the control system.

E. Take Corrective Action:

1. When a weakness is identified, a corrective action plan should be developed, adopted by the EDC Board and then monitored by the EDC Board to ensure that the weakness is addressed.

4. INTERNAL CONTROL CERTIFICATION:

A. Section 2800(2) (a) (8) of the Public Authorities Law:

1. To satisfy the requirement of Section 2800(2) (a) (8) of Public Authorities Law, the EDC shall incorporate, either within its annual report or as a separate document, a statement explaining that the authority has conducted a formal, documented process to assess the effectiveness of its internal control structure and procedures, and indicate whether or not the internal controls are adequate.
2. This statement should eventually be posted to the EDC's website.
3. The statement shall state the following or equivalent:

The EDC Board of Directors will document and assess the EDC Warren County Internal Financial Control System for EDC's calendar year ending December 31, of each year and shall undertake determination as part of annual reporting requirements to NYS Authority Budget Office as to

adequacy of the Corporation's internal controls- (i.e. adequate. No deficiencies or note deficiencies/with recommendations for corrective action.

4. The EDC shall retain documentation to support the assessment of its internal controls.
5. If the EDC finds any deficiencies with the internal controls over its functions or operations, additional documentation should be maintained to demonstrate that the EDC has adopted corrective action plans to address these weaknesses.
6. This documentation should be made available upon request to the EDC's independent auditor or to ABO compliance review staff.

B. Public Authorities Reporting Information System (PARIS):

1. As part of the PARIS Annual Report tab, the EDC will be required to indicate whether or not it has prepared this assessment and will provide the URL link to the statement, if available.

*New Policy Adopted No.16 March 20, 2020
Re-Affirmed March 20, 2024*