

BCLDC
Assessment of the Effectiveness of Internal Controls
2019

In addition to complying with the Internal Controls and Financial Accountability Policy adopted by the BCLDC Board of Directors in April 2015 and its Strategic Plan, Section 2800 (1)(a)(9) and Section 2800 (2)(a)(9) of Public Authorities Law requires all not for profit corporations to complete an annual assessment of the effectiveness of their internal control structures and procedures.

An adequate system of internal controls is expected to: (a) promote effective and efficient operations so as to help the authority carry out its mission; (b) provide reasonable, but not absolute, assurance that assets are safeguarded against inappropriate or unauthorized use; (c) promote the accuracy and reliability of accounting data and financial reporting to ensure transactions are executed in accordance with management's authorization and recorded properly in accounting records; (d) encourage adherence to management's policies and procedures for conducting programs and operations; and (e) ensure compliance with applicable laws and regulations. A successful system of internal control includes performing an annual assessment to identify potential weaknesses in policies or procedures and to implement corrective actions.

In order to comply with the requirements of Section 2800 the BCLDC has instituted an annual evaluation performed by management to determine the effectiveness of its internal control system. Following the recommendation of the Authorities Budget Office the BCLDC utilized five major components in its internal control assessment.

- A. Define the Mission of the BCLDC and its Objectives- "The Broome County LDC actively fosters economic growth in Broome County and Greater Binghamton. The Corporation aims to provide new and expanding businesses with the best tools available including real estate and market information, incentives, financial assistance, and general support. We demonstrate integrity in all that we do. We support projects that offer clear public benefits including investment, job creation, job retention, and increased quality of life. We are committed to building a strong and diverse economy in Broome County and Greater Binghamton."

Objectives: (1) Assume a leadership role in the development and implementation of a Workforce Development and Talent Attraction Initiative. (2) Facilitate a collaborative approach to advancing the economic revitalization of the Binghamton, Endicott and Johnson City urban cores and positioning the targeted areas for long-term economic sustainability. (3) Reduce and mitigate the impact of development barriers, particularly infrastructure and availability of sites. (4) Develop and implement a comprehensive business recruitment and retention strategy that responds to the most critical issues ranging from gap financing to strengthening the innovative and entrepreneurial

atmosphere. (5) Strengthen the capacity of both the IDA and LDC entities in support of these strategic priorities.

The mission statement and objectives are the starting point utilized to determine if the corporation's internal controls, or its activities and procedures, are providing reasonable assurance that operations are "going according to plan."

- B. Determine the Risks Associated with Operations-The purpose of risk assessment is to identify those events, conditions or risks that could significantly affect the achievement of the organization's objectives, including the protection of assets and the efficient operation of financial operations and other services. The BCLDC review assessed the risk exposure and associated vulnerability of each of its responsibilities or functions and assigned a corresponding risk level (high, medium, or low).
- C. Identify the Internal Control Systems in Place- Internal controls are the policies, practices, attitudes, guidelines and other actions adopted by the corporation that, when followed, provide reasonable assurance that the staff understand and properly carry out their responsibilities, that appropriate professional and ethical conduct is observed and that the corporation will honor its purpose and mission. The BCLDC assessed the following control systems: corporation bylaws, organizational chart, job descriptions, audited financial statements, the organization's policies and procedures, written assessment of IT resources, written risk analysis and inquiry/observation for internal security.
- D. Assess the Extent to Which the Internal Control System is Effective-The assessment of internal controls is a structured and monitored process to identify and report any weaknesses of the internal control structure to management. The assessment provides management with information as to whether the corporation's policies and operating practices were understood and executed properly, and whether they are adequate to protect the organization from waste, abuse, misconduct or inefficiency. In accordance with ABO guidelines, the assessment conducted by the BCLDC involved a combination of a review of documents, charts, reports, records, policies and procedures as well as inquiry and observation. Also, the agency designed and implemented an Assessment Check List to be used for the current and future annual assessments.
- E. Take Corrective Action- When a significant weakness is identified, a corrective action plan should be developed, adopted by the board, and monitored by management to ensure that the vulnerability is addressed. The BCLDC has developed a Corrective Action Plan Form to be utilized when and if a significant weakness is identified. To date, no significant weakness has been identified.

In order to fully comply with the requirements of Section 2800, this statement certifies that the Broome County Local Development Corporation assessed and documented the adequacy of its internal controls structure and policies for the year ending December 31, 2019. To the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.