

Nassau County Local Economic Assistance Corporation

Assessment of Internal Control System for the Year Ending December 31, 2019

(Per the NYS Authority Budget Office Recommended Guidance for the Assessment of the Effectiveness of Internal Controls)

| Mission Statement |
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| The Nassau County Local Economic Assistance Corporation (the "Corporation") is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law ("N-PCL") and is a local development corporation pursuant to Section 1411 of the N-PCL. The Corporation is a Type C Corporation under Section 201 of the N-PCL. The mission and public purpose of the Corporation is to support and promote economic development efforts in Nassau County and for the public purpose and charitable purpose of benefiting and furthering the activities of Nassau County, New York, by serving as a conduit financing entity issuing taxable and tax-exempt revenue debt and providing other financial assistance to support the growth, expansion, on-going operations and continued viability of the non-profit sector in the County. The Corporation supports and promotes economic development in the County by efforts to attract new non-profits to the County and by assisting existing nonprofits in their efforts to reduce costs. |

| A. Primary Operating Responsibilities |
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| Establish and Maintain Business Development Programs to Promote the NCLEAC and Economic Development in Nassau |
| Establish and Maintain Business Development Programs to Attract New Not for Profits to Nassau County and Retain Existing Not for Profits |
| Review and Evaluate Project Applications with Major Focus on Costs and Benefits to County and Local Communities |
| Review Project Covenant for Compliance |
| Develop Operational Procedures to Enhance Effective Functioning of NCLEAC |
| Maintain and Manage Service Contract Required to Support Functioning of NCLEAC |
| Implement Appropriate Accounting and Control Functions to Promote Financial Integrity of the NCLEAC |
| Hire a qualified external auditing firm to perform a year end audit of the NCLEAC financial statements in accordance with governmental accounting standards |
| Comply with applicable disclosure, accounting and reporting requirements |

| B. Business Units, Operations, and Functions | Inherent Risk Before IC (H, M, L) | Implemented Internal Controls (See Sec C. Below) | Risk Level After IC (H, M, L) |
|---|--|---|--------------------------------------|
| Conduct Initial meetings, held by Executive Director, Director of Business Development, or NCLEAC Attorney, with prospective applicants to discuss business need and project to determine if it is within scope of NCLEAC. | L | | L |
| Preliminary Inducement Resolution process established for the Board to meet with applicants and review applications (unsigned) to evaluate feasibility of project as well as to vet applicants. | M | 2,3,4 | L |
| Procedures have been implemented to promote proper administration of proposed projects (applicants) and closed projects (applications). | M | 1,2,3,4,5,6, | L |
| Policies and procedures have been implemented for the receipt, disbursement and monitoring of cash. | H | 7,8,9,10,11,12,18 | L |
| Functions established and coordinated to optimize the operational efficiency of the NCLEAC | L | | L |
| Process and structure developed to implement marketing initiatives. | L | | L |
| A Computer System and procedures have been implemented to maximize the operational efficiency and data security of the NCLEAC. | H | 16 | L |
| Accounting and Financial Reporting policies, procedures, and structure have been established to ensure compliance with GASB and NYS Accounting requirements, as well as to maintain appropriate levels of control and security. | H | 6,7,8,9,10,15,17,18 | L |
| Policies and procedures have been established to determine whether benefits to Nassau County outweigh incentives provided to projects (applicants). | H | 1,2,3,4,5 | L |

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| C. NCLEAC Internal Controls | | IC ID # |
|---|--|------------|
| Preliminary Inducement Resolution process established for the Board to meet with applicants and review applications (unsigned) to evaluate feasibility of project as well as to vet applicants. | | 1 |
| An economic cost / benefit analysis is conducted of a project to determine if the benefits to Nassau County are greater than the cost of the incentives provided to the project (applicant) | | 2 |
| A qualified security firm performs background checks of applicant firms and principals, when appropriate | | 3 |
| Project database created and process implemented to monitor post-closing compliance with contractual governance requirements | | 4 |
| Process established for annual on-site visits to approved project sites to ensure compliance with contractual commitments of applicants | | 5 |
| The NCLEAC has procedures in place to control and account for Cash Receipts | | 6 |
| Cash Disbursements policy and procedures | | 7 |
| General Ledger journal entry, report generation and filing, and control procedures established | | 8 |
| Cash / Bank Account Reconciliations | | 9 |
| Checkbook Monitoring | | 10 |
| Accounts Payable processing & Invoice Approval policy | | 11 |
| Accounts Receivable processing | | 12 |
| Revenue transaction accounting process | | 13 |
| Paid Invoice filing | | 14 |
| Disposition of Property Guidelines | | 15 |
| Data Backup policy & procedures | | 16 |
| Invoice Approval Policy | | 17 |
| Check Signing Authority Policy (NCLEAC Latest Board Approved Bank Resolution) | | 18 |

| D. & E. Assessment of Internal Control System by the NCLEAC | |
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| <p>The NCLEAC has completed its annual assessment of the Internal Control Systems of the Nassau County Local Economic Assistance Corporation (NCLEAC). In conducting the assessment the NCLEAC followed the suggested steps laid out in the NYS Authority Budget Office recommended guidance for the effectiveness of Internal Controls. The NCLEAC started with the NCLEAC Mission Statement in identifying the Primary Operating Responsibilities, Business Units, Operations, and Functions.</p> <p>The next step in the assessment was to assess the risk exposure of each function and assign a corresponding risk level of high, medium, or low. The final step in the formal assessment process was to identify the internal control systems in place.</p> <p>A formal assessment of the internal control systems was conducted to identify any weaknesses and determine if the existing internal controls were adequate to mitigate risk and prevent abuse of the Agency's assets. The results of the assessment determined that the existing internal controls were adequate, do mitigate risk, and safeguard against abuses of Agency assets.</p> | |

| Internal Controls Assessment Statement | |
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| <p>This Statement certifies that management of the Nassau County Local Economic Assistance Corporation (the "Agency") has documented and assessed the internal control structure and procedures of the Agency for the year from January 1 to December 31, 2019. This assessment has found the Agency's internal controls to be adequate.</p> | |