

2018 Assessment of the Effectiveness of Internal Controls

Saratoga County Prosperity Partnership's (SCPP) Major Business Functions:

The primary mission of SCPP is as follows:

The Mission of the the Saratoga County Prosperity Partnership shall be to secure sustainable jobs and capital investment by attracting new business to the County and retain existing businesses by assisting them grow.

The mission is being accomplished through the implementation of the Saratoga Strategy, a two-year plan to jump-start the Saratoga County economy. Saratoga County government remains the sole funding source for the SCPP. No changes have occurred with respect to funding sources, mission, or objectives of SCCP during 2018. Accomplishments, including financial status, committee accomplishments, and legal requirements, are outlined monthly via publicly advertised and open meetings as well minutes of meetings posted on the SCPP and the Saratoga County's website.

SCPP has two full-time and one part-time employee at the end of the calendar year 2018 who are directly involved in accomplishing the mission and all activities associated with the SCPP's Saratoga Strategy. There are documented processes in place that the employees are involved with and should any new employees be hired, part of the process would be to provide the various policies and procedures that would enable them to perform their duties. Significant contractors involved with the SCPP as well as legal and financial involved parties are supplied and aware of the pertinent rules and guidelines as well as internal policies and procedures. Management, legal and financial involved parties are charged with responsibility to monitor and communicate any changes to said rules and guidelines.

Risks Associated with SCPP Operations:

SCPP projects are highly visible and transparent. Public meeting rules are in place and regularly followed. The Chair of the Board of Directors is regularly engaged as are other board members. The Treasurer regularly reviews financial information which is then presented to the board at publically open meetings. While there are only three employees of the SCPP, segregation of duties is employed as much as possible. Additionally, for both legal aspects, SCPP utilizes outside sources with expertise to lend additional controls. As such, risks are deemed to be low for all activities and functions within SCPP. A review for 2018 finds no change to the differing levels of involvement and approval.

The SCCP also utilizes external IT experts to manage SCPP's system and website to assist in protecting the data and information housed within SCPP.

During 2018, personnel risks have been assessed and deemed to be low. As noted previously, the number of authorizations or required public disclosures needed combined with the internal controls

that have been implemented (as more fully described below) in combination with SCPP employees needing to adhere to public employee ethics requirements ensures the minimization of personnel risks.

Internal Control Systems in Place

Since its inception there has been a set of policies, procedures and guidelines in place at SCPP that are designed to ensure SCPP's mission is carried out in full and to minimize risk. Some of the key internal controls in place include:

- Public meeting and disclosure requirements are in effect and regularly followed
- Internally there are several layers of approvals that encompass management at the highest level to the individuals responsible for the applicable area for compliance required for all transactions
- Division of duties is employed whenever possible
- As noted previously, the use of external parties provides additional levels of internal control. Additionally, personnel with appropriate backgrounds and experience are utilized to help identify such items as legal or financial risks
- Consistent reports are provided to management as well as the Treasurer and full Board of Directors
- Use of internal checklists are employed with respect to financial transactions and reports
- SCPP completed annual audits in 2015 & 2016 with no findings

Extent to Which the Internal Control System is Effective

Management has reviewed the internal control system for 2018 and finds that the items as outlined above remain in place and functioning as expected. SCCP's most recent financial audit (for the calendar year 2018 and the year ended December 31, 2018) identified no material weaknesses or significant deficiencies. Policies and procedures in place are deemed sufficient. As noted previously SCPP's staff regularly reviews updates to pertinent rules.

Corrective Action

No specific corrective action is required at this time. Management consistently works to strengthen controls as possible.

Assessment completed _March 25, 2019.

Submitted by:

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