



## **MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**

### INTERNAL CONTROL POLICY

Monroe County Industrial Development Corporation, (the “Corporation”), a not-for-profit local development corporation under the Membership Corporation Law and operated under its successor statute, Article 14 of the Not-For-Profit Corporation Law, and a Certified Development Corporation approved by the U.S. Small Business Administration (the “SBA”) for purposes of providing loans through the 504 loan program, sets forth the following internal controls and procedures. The Corporation must comply with the provisions of applicable laws and regulations, including the New York Public Authorities Law, the Code of Federal Regulations, and the SBA. The Corporation’s Board of Directors and Officers (the “Board”) have a fiduciary duty to provide effective control over, and accountability for, operations, programs, and resources.

The Corporation shall comply with all applicable laws, regulations, requirements, and ethical standards; as well as adhere to its public mission, create and adhere to policies regarding conflicts of interest, ethics, personnel and accounting; prepare and file annual financial data with required federal and state regulatory authorities, including the SBA; and make its annual financial report available to the Board and any member of the public who requests it. The Corporation will address other control requirements as may be established by the SBA.

The Board will adopt and set forth policies and procedures to protect and manage the assets of the Corporation, create reliable financial reporting, promote compliances with laws and regulations, and achieve effective and efficient control over, and accountability for, operations, programs and resources. The Corporation will follow the processes and criteria outlined in its SBA 504 Loan Program Policies and Procedures Manual, as approved by the SBA (the “Corporation’s 504 Loan Manual”). The Corporation’s 504 Loan Manual will be reviewed annually by the Corporation for compliance with all applicable laws, and more frequently, as necessary, to comply with SBA requirements.

The following internal controls shall apply, and further information is provided in the Corporations Internal Control Policy Procedures:

1. An annual income and expense budget will be prepared, and periodic reports will be presented to the Board. The reports will compare actual receipts and expenditures to the budget with variance explanations.
2. Checks in excess of \$5,000 shall require two signatures as designated by the Board. No expenditures shall be made or incurred except in accordance with the Corporation’s Procurement Policy and duly adopted budget.
3. All receipts by check shall be duly entered in the books of the Corporation, and a copy made of each check received shall be attached to the invoice and bank deposit.
4. All accounts receivables shall be maintained on a current basis to the extent practicable. Account receivables which are more than 90 days old shall be reported to the Board on a monthly basis. The Board may direct such action as may be appropriate as to said receivables.

5. Electronic data regarding financial records and reports shall be preserved.
6. The Audit Committee shall have oversight of the annual audit process.
7. Periodic reports of finances and programs shall be submitted to the Board. The Corporation's annual financial audit shall be filed as required by law and made available to the public.
8. The Executive Director of the Corporation will be responsible for the internal control functions of the Corporation (covering financial, credit, credit review, collateral, and administrative matters).
9. An annual assessment of the effectiveness of these internal controls, policies and procedures will be conducted by the Corporation, or an independent auditor acceptable to the SBA, and in compliance with Sections 2800 (1)(a)(9) and 2800 (2)(a)(8) of Public Authorities Law, and 13 CFR 120.826(b).
10. The Corporation will provide the SBA with a copy of all current contracts for management and staff, and a copy of a waiver request as required in 13 CFR 120.824(a). All contracts for management and staff are to be reviewed annually by the Corporation and the Board. Contracts must be coupled with a copy of the Board resolution approving the contract, and the Board meeting minutes.
11. The Executive Director will direct the operation of a program to review and assess the Corporation's 504 loans.

Adopted December 5, 2017