

2016 Assessment of the Effectiveness of Internal Controls
Genesee County Funding Corporation (GCFC)

The GCFC entered into a Management & Administrative Service agreement with HB Solutions, LLC in March 2015. HB Solutions, LLC has delegated completion of tasks to GCEDC staff until a new and efficient internal control process can be developed. GCEDC internal controls continue to be relied on throughout this period of transition.

Internal Controls

The accounting, financial reporting, and cash management functions are carried out relying on a multitude of internal controls. Examples of some of the controls used are listed below:

- Payroll for the GCEDC's employees is processed externally by a payroll processing company, Complete Payroll Processing, Inc. (CPP). The Office Manager and/or CFO verify that payments are only made to employees that are entitled to be paid. – ***Low risk.***
- All invoices must be reviewed and verified by the CFO, CEO or Sr. VP of Operations. All GCFC checks require two signatures of authorized GCFC Board Members. The CFO opens and reviews all bank statements and bank reconciliations. – ***Multiple persons signing off on the process and independent reviews makes this low risk.***
- All checks received by the GCFC are recorded and stamped “for deposit only” by the Operations Assistant and given to the Office Manager for review. The Office Manager ensures that all funds are coded and that each transaction is recorded in Peachtree. The deposit slips are then prepared by the Operations Assistant and given to the Office Manager to deposit in the bank. The deposit receipt from the bank is then attached to the appropriate back up for the deposit. – ***Bank verification and receipts make this low risk.***

Note: Internal controls are reviewed continuously and adjustments are made as necessary.

The system of controls applicable to the GCEDC was last reviewed by the GCEDC's Audit Committee on July 12, 2015 and the GCFC's Board of Directors on March 29, 2016. These reviews affirmed that there are no material control weaknesses to be reported. The GCEDC and GCFC undergo annual financial audits by an independent CPA firm. While auditors are not engaged to perform an audit of internal controls, auditors do provide management letter comments when they encounter internal weaknesses. No material weaknesses have been identified by the independent auditors.

In summary, the present internal control structure appears to be sufficient to meet internal control objectives that pertain to the prevention and detection of errors and irregularities.