

## Assessment of the Effectiveness of Internal Controls

1. Albany County Business Development Corporations Major Business Function is to run the AI Tech Loan Fund
2. The risk with the operation of the AI Tech Loan Fund are those associated with lending money.
3. Controls in place include:
  - Loan Review Committee evaluates and considers loans for approval.
  - Types of Loans are limited.
  - Loan dollar limits are in place.
  - Loan terms are limited to 15 years.
  - Personal guarantee required.
  - Loans are secured by property and other collateral owned by the business and/or individual owners.
  - Assignment of life insurance for at least the amount of the loan is required as a condition of approval.
4. Effectiveness of controls is determined by evaluating the loan losses.

Albany-Colonie Regional Chamber, as agent for the Albany County Business Development Corporation provides management functions.

Cash Receipts are primarily loan payments.

Direct Debit is a requirement and part of the closing documents

The staff accountant processes monthly direct debits and records the payment in the Loan Processing System (LPS).

The Loan Officer, as well as the Chief Operating Officer run monthly reports reconciling the balances in the LPS to the general ledger.

Disbursements are also primarily loan disbursements and payment of agency vouchers. A check request form is required for loan disbursements, which is matched to the minutes of the Loan Committee Meeting approving the loan and signed by the Chief Operating Officer. The Vouchers are approved quarterly by the board. Disbursement to pay the agency fee is also matched to the board minutes approving disbursement. Other smaller disbursements are approved through the budget process and approved when expensed by the Loan Officer or the Chief Operating Officer.

All cash disbursement checks require two signatures, one signature being the Chief Operating Officer of the agency and the second being the Treasurer of the Albany County Business Development Corporation Board.

Quarterly financial statements are prepared for the Board and include a complete aging of all outstanding loans, a statement of financial position and a statement of financial activity.