

ALBANY CSO POOL COMMUNITIES CORPORATION

Risk Assessment Report 2018

Authority Budget Office Guidance

Management should assess the risk exposure and associated vulnerability of each function and assign a corresponding risk level (i.e. high, medium, or low).

Risk can originate both internally and externally. Control activities should be tailored to the individual operation based on management's identification and evaluation of applicable risks.

Once a risk is identified, management must determine how to best handle it by evaluating its significance, likelihood, and cause. Based on the assigned risk levels, management should determine how frequently to review the controls in place for each function (i.e., high risk functions to be reviewed more frequently than lower risk functions).

Risks identified by the Board

The Governance Committee is charged with annual review of internal controls. The committee has met twice to review polices and provide feedback. The committee did not make any modifications to internal controls during FY2018. The Corporation's staff prepared an annual survey of board performance and distributed the survey to each officer and member of the board. The survey instrument was derived from the Authority Budget Office's model board survey. Some board and officer respondents identified three areas of concern (in addition to the need to perform a risk assessment)

The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.

Internal risk, medium priority.

Implementation Action:

The mission of the Albany CSO Pool Communities Corporation is to enable and assist with efficient and timely implementation of the Albany Pool CSO Long Term Control Plan ("LTCP") by the Corporation's members, by securing goods and services, assisting in financing, and performing any additional acts that may be necessary and appropriate for the LTCP's implementation. This objective is defined in the Corporation's Mission Statement and Measurements (<http://cdrpc.org/wp-content/uploads/2015/10/A2.-LDC-Mission-Statement-and-Measurements.pdf>). Developed along with the annual report is a Measurement report that tracks the following performance measures in meeting the measurable goals for the Corporation:

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- Assisting the member municipalities in their compliance with the Consent Order.
- Effective and efficient procurement of contracts relating to the implementation of the LTCP.
- Effective and efficient administration of contracts relating to the implementation of the LTCP.
- Assisting with the implementation of the LTCP in compliance with the LTCP project schedule.
- Timely satisfaction of all obligations under financing instruments issued by the Corporation.
- Diligent management of funds and property owned or managed by the Corporation.
- Effective coordination of the Corporation's work with efforts undertaken by other entities in the implementation of the LTCP.

The Measurement report will be presented to the board along with the annual report. The Governance Committee will work to identify opportunities to strengthen and track internal controls and performance measures.

The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.

Internal risk, medium priority

Implementation Action:

While the Corporation does not hire its own staff, CDRPC provides staff services to the corporation. The board meets on a monthly basis at which staff presents program updates and member communities share project status. Staff is working with counsel to identify existing performance evaluation materials in use by similar entities (IDAs, local development corporations) that can be used by the Corporation to annually track and measure the performance of CDRPC staff services.

Cash Flow

Internal and external risk, high priority

The corporation monitors risk to its cash flow. Because of the members' proportionate shares of program costs, most community's shares are small and some are large. Albany and Troy have the largest share of program costs at 58.68% and 34.76%, respectively. Albany and Troy have elected to rely on EFC financing to provide their shares of project costs. Applying for financing, working out legal and administrative requirements, and closing have all taken significantly

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longer than initially estimated. Because of this the smaller communities have advanced projects independent of Albany and Troy program contributions.

This statement certifies that the Albany Pool Communities Corporation followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending September, 2018.

To the extent that deficiencies were identified, the Corporation has developed corrective action plans to reduce any corresponding risk.