

## Management Assessment of Internal Controls

This statement certifies that the Hudson River-Black River Regulating District followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending June 30, 2017. To the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.

### **A. Authority's Major Business Functions:**

The mission of the Hudson River-Black River Regulating District is to construct, maintain, and operate reservoirs in the upper Hudson River and Black River watershed, including the Sacandaga, Indian, Black, Moose, and Beaver Rivers for the purpose of regulating the flow of streams or rivers, when required by public welfare, including public health and safety. The Regulating District achieves this mission through the effective operation of reservoirs located in its statutory watersheds that include Great Sacandaga Lake, Indian Lake, Stillwater Reservoir, Sixth Lake, and Old Forge. Benefits derived through the successful completion of the mission include, but may not be limited to, flood protection to the public corporations (counties) and parcels of real estate (power plants) downstream of said impoundments; low flow augmentation, to provide sufficient water flow enabling downstream wastewater treatment plants to avoid increased treatment costs associated with waste discharge to lower volume rivers and enabling downstream hydroelectric plants to generate low cost hydroelectric power in the hot summer months when rates are generally highest.

### **B. Determine Risks Associated with its Operations:**

Management has assessed the risk exposure and associated vulnerability of each function and assigned a corresponding risk level.

### **C. Identify the Internal Control System in Place**

The District has put in place adequate practices, policies and guidelines and other actions that when followed will provide reasonable assurance that staff understand and properly carry out their responsibilities, that appropriate professional and ethical conduct is observed, and that the authority will honor its purpose and mission. Management and staff thoroughly understand and are aware of the policies and practices in place that ensures the authority is effective and to address the risks relevant to the operation.

**D. Assess the Extent to Which the Internal Control System is Effective**

The District reviewed and assessed the effectiveness of internal controls in two transactional processing areas. Compliance testing was performed to verify the accurate posting of permit system revenues and to verify the accurate and timely processing of vendor vouchers in the Black River Area. See IC Certification attached.

**E. Corrective Action**

Once identified, corrective action is immediately put in place and monitored.