

Attachment B

2020 Assessment of the Effectiveness of Internal Controls

Albany Convention Center Authority's ("ACCA") Major Business Functions:

The primary mission of ACCA remains unchanged from its inception. The mission is as follows:
"It is therefore the purpose and mission of the *Albany Convention Center Authority* to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and maintain a convention center facility within the downtown area of the City of Albany."

The mission is being accomplished through the operation of the Albany Capital Center in downtown Albany. During 2020 ACCA activities consisted of overseeing the operations of the Albany Capital Center, and the day to day management of the facility by SMG, now ASMGlobal through merger with AIG, the professional operator under contract to the ACCA for that purpose.

Accomplishments, including financial status, committee accomplishments, and legal requirements, were outlined to the ACCA Board on a quarterly basis via publicly advertised and at open meetings. Minutes of those meetings as well as supporting documents are maintained on ACCA's website. On a monthly basis, between formal meetings, the ACCA Board is apprised of the activities at the Albany Capital Center and the actions of the ACCA, thought internal financial statements, and operations, marketing and sales reports.

The ACCA having reduced staff to one employee, beginning in 2018, is achieving that which is necessary to accomplish the mission and all activities of the Authority, and in support of the facility manager. Documented processes remain in place such that the employee and should any new employees be hired, are and will be provided with the various policies and procedures that would enable them to perform their duties. Any significant contractors engaged by the ACCA, and both the legal and financial services firms are supplied with and are aware of the pertinent rules and guidelines as well as internal policies and procedures. ACCA staff, working with both the legal and financial services firms are charged with responsibility to monitor and communicate any changes to rules and guidelines to be assured that the ACCA and its Board are in full compliance.

The role of the operations management firm remained constant in 2020 with that begun in the stub-year 2017. ACCA staff attended weekly operations meetings with operator staff, to identify concerns, provide guidance and support, and monitor progress in marketing the center and selling event space.

Risks Associated with ACCA Operations:

The Albany Capital Center remains a highly visible addition to the City of Albany, NY. Public meeting rules are in place and regularly followed. The Chair of the Board of Directors is regularly engaged as are other board members. The Treasurer regularly reviews financial information which is then presented to the board at publically open meetings. The actions of the employee are reported to the Chair and Treasurer. Additionally, ACCA utilizes outside sources to provide independent accounting and legal services each lend expertise and providing additional controls.

Accounting fees remained within budget and Legal fees stabilized in 2020 following the completion of transfer of the surplus properties to the local development agency and the full reconciliation of the sale.

Operations at the Albany Capital Center were significantly reduced with the onset of the COVID-19 pandemic and due to the subsequent controls instituted by the State in controlling the unwanted transmission of the disease beginning on or about 3-15-20. This downward trend in the number of events and event revenue continued through the end of the fiscal year and persists today. In response ASM-Global has made a concerted effort to adapt and improvise the business model, accommodating remote meeting and learning events, virtual functions and to take full advantage of the technology built into the facility. the operator has been diligent in its efforts to fill the calendar by minimizing cancellations in favor of postponements and rescheduling to future dates without penalty, offering incentives and concessions as required to retain the business.

The operator furnishes detailed financial and marketing/sales reports on a monthly basis. As such, risks are deemed to be low for all activities and functions associated with the ACCA. A review of 2020 finds no change to the differing levels of involvement and approval and as noted, entailed no increase in the review time of information provided by the operator.

During 2020 the Economic Impact Committee, comprised of ACCA Board Members reviewed the overall impact of the Albany Capital Center based upon information provided to it by Discover Albany. Discover Albany, formerly Albany County Convention and Visitors Bureau (ACCVB), operates under the MOU between the ACCA and the ACCVB. Using Destinations International Event Calculator, Discover Albany considers the post event attendance and activity information available from multiple sources including meeting planners, hotels, and SMG to provide an accurate forensic review of the economic impacts for each event and in aggregate the impacts from all events.

ACCA also utilizes external IT experts to manage ACCA's systems and website to assist in protecting the data and information contained within the ACCA pages.

During 2020, personnel risks have been assessed and deemed to be low. As noted previously, the number of authorizations or required public disclosures needed combined with the internal controls that have been implemented in combination with ACCA employee needing to adhere to public employee ethics requirements reduces personnel risks to a minimum.

Internal Control Systems in Place:

There has been longstanding a set of policies, procedures and guidelines in place at ACCA that are designed to ensure the mission of the ACCA is carried out in full and to minimize risk. The key internal controls in place include:

- Public meeting and disclosure requirements are in effect and regularly followed.
- Internal layers of approvals required for all transactions.
- Division of duties is employed whenever possible.
- As noted previously, the use of external parties provides additional levels of internal control. Additionally, personnel with appropriate backgrounds and experience are utilized to help identify such items as legal or financial risks.
- Consistent reports are provided to management as well as the Treasurer and the full Board.
- Use of internal checklists is employed with respect to financial transactions and reports.
- ACCA conducts a full financial audit annually. The completed audit provides an opinion on the financial statements and includes an assessment of internal controls. The auditors present the audit and assessment to the Audit & Finance Committee, a committee of the full Board. The recommendation of the Audit & Finance Committee is then considered by the ACCA Board in a regular session, scheduled to coincide with the submission date of March 31, for all documents required by the ABO.
- Specific board actions have addressed internal controls through resolutions. These resolutions include the following:
 - 03-06 by-laws amendment
 - 12-06 Procurement policy as amended by 33-06
 - 15-06 Authorize the use of certain publications for advertisement
 - 16-06 Board member Code of Ethics
 - 19-06 and 23-06 Bank Account Procedures, as amended by 28-07 and 28-14
 - 31-06 FOIL
 - 36-06 Property Disposition guidelines
 - 38-06 Whistleblower Policy
 - 39-06 Travel Policy as amended by 06-13
 - 40-06 Independent member certification
 - 12-07 Delegation of authority to Executive Director as amended by 04-15
 - 15-07 Establish Audit Committee as amended by 02-08, 07-08, and 04-10
 - 16-07 Establish Governance Committee as amended by 03-08, 07-08, and 04-10
 - 17-07 Real property acquisition policy as amended by 05-09
 - 20-07 Investment policy
 - 10-08 Employee manual
 - 12-08 Record retention policy
 - 11-10 Mission statement and performance measures
 - 19-10 Non-procurement Lobbying policy
 - 20-10 Adopt board survey
 - 09-11 Staff Ethics Policy

Internal Control Systems in Place (Continued):

- 04-13 Domestic violence in the workplace policy as amended by 14-13
- 2017 Established Economic Impact Committee to monitor ACC performance.
- 2020 Annual re-statement of Investment and Property Disposition Policies

Extent to Which the Internal Control System is Effective:

Management has reviewed the internal control system for 2020 and finds that the items as outlined above remain in place and functioning as expected. The most recent financial audit of the ACCA calendar year 2020, and the fiscal year ending December 31, 2020, identified no material weaknesses or significant deficiencies except for a GAAP departure as more fully described in the audited financial statements. The departure was elected by management with the input of financial and legal consultants and was done so with a determination of what would be in the best interest of the ACCA and managements' duty to use resources in the best and most effective manner possible. It is a result of the policies and procedures that provided the basis for how the departure from GAAP was analyzed. Policies and procedures in place are deemed sufficient. As noted previously ACCA staff regularly reviews updates to pertinent rules.

Corrective Action:

No specific corrective action is required at this time. Management consistently works to strengthen controls as possible.

Assessment completed: March 25, 2021