

## **Assessment of Internal Controls June 2012**

### **Report Background:**

Pursuant to Section 2800 (1)(a)(9) of the Public Authorities Law, the Natural Heritage Trust (NHT) is required to complete an annual assessment of the effectiveness of its internal control structures and policies.

Internal control guidelines communicate an organization's management and programmatic objectives to its employees and provide the methods and procedures used to assess the effectiveness of its internal controls in supporting those objectives.

Guidance from the Authorities Budget Office has identified five major components of an internal control assessment:

1. Articulating a clear mission for the authority and determining primary operating responsibilities. All agency Board members and staff should understand such mission and duties, and policies, procedures and guidelines should be in place to guide the authority in the responsible execution of these responsibilities.
2. Determining the risks associated with operations. Management should assess the risk associated with each function and assign a risk level and assess and implement control activities associated with these functions based on the level of risk.
3. Identifying control systems that are already in place. Management and staff should understand and be aware of the policies and practices in place to ensure that the authority is effective and to address the risks that are relevant to the operation.
4. Assessing the extent to which the internal control system is effective. Authorities are responsible for developing and monitoring systems to identify weaknesses. Authorities must determine whether adequate systems are in place to protect the authority from waste, abuse, misconduct and inefficiency.
5. Taking corrective action when weaknesses are identified, including monitoring by management and the Board.

### **Certification:**

This statement certifies that the NHT followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending March 31, 2012. To the extent that deficiencies were identified, we have developed corrective action plans to reduce any corresponding risk.