

SOUTHERN TIER NETWORK, INC.
ASSESSMENT OF EFFECTIVENESS of INTERNAL CONTROLS
MARCH 2020

The following components comprise internal control actions taken by the STN Board to provide effective assessment of measures and control:

1. **Define Authority's Major Business Function** – STN Board reviews the Mission Statement and associated Objectives annually to ensure compliance with purpose, function, and goals. When appropriate modifications to the Mission Statement and Objectives are suggested, approved and applied.
2. **Determine Risks Associated with Operations** – STN Financial – Audit and Governance Committees create and monitor Policies and Standard Operation Procedures that assist with both assessing risk and implementing control measures to manage and mitigate risk. Areas of concern are presented at monthly STN Board meetings for understanding and action, if necessary.
3. **Identify the Internal Control Systems in Place** – STN has created and adopted Policies, Standard Operating Procedures and Accounting Practices to provide reasonable assurance that staff understand and properly carry out their responsibilities. The STN Board has currently adopted the following Policies and Procedures:
 - i. Accounts Payable Procedure
 - ii. Receipts Procedure
 - iii. Accounts Reconciliation Policy
 - iv. Capitalization/Asset Life Policy
 - v. Purchasing Policy
 - vi. Delinquent & Doubtful Account Policy
 - vii. Code of Ethics
 - viii. Document Naming SOP
 - ix. Invoicing SOP
 - x. Sales Process SOP
 - xi. Investment Policy
 - xii. Commission Payment SOP
 - xiii. Sexual Harassment Policy

Additionally, the STN Board has contracted with an Independent Auditing firm to perform an annual Audit of its financial statements and to provide a report on internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and grant agreements.

4. **Assess Effectiveness of Internal Control System** – The STN Board evaluates the overall effectiveness of its internal control systems annually at one of its Board meetings.
 - a. **The Board delegates evaluation responsibility to the Audit-Finance Committee.** Appropriate reporting to the Board as required.
5. **Implement Corrective Action** – Through the process of reviewing and evaluating its Internal Control components, the STN Board will require appropriate corrective measures be implemented if vulnerabilities are found.

SOUTHERN TIER NETWORK, INC.
STATEMENT OF
ASSESSMENT OF EFFECTIVENESS of INTERNAL CONTROLS
MARCH 2020

This statement certifies that the Southern Tier Network, Inc. followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2019. To the extent that deficiencies were identified, the authority has developed / or will develop corrective action plans to reduce any corresponding risk.

Signed:

A handwritten signature in black ink, appearing to read "Marcia D. Weber", with a long, sweeping underline.

Marcia D. Weber
Board Chair

Date: February 13, 2020