



LIVINGSTON COUNTY LAND BANK CORPORATION

INTERNAL CONTROL POLICY

Section 1. Purpose and Authority

This policy outlines the process by which the Livingston County Land Bank Corporation (hereinafter “the Land Bank”) will safeguard the assets; check the accuracy and reliability of its accounting data, methods and financial reporting; promote the effectiveness and efficiency of its financial operations; ensure compliance of the New York State Public Authority Law and internal control standards; and adherence to all policies.

Section 2. Internal Control Officer

The Land Bank Board of Directors designates the Executive Director as Internal Control Officer. The Internal Control Officer shall work with the Board of Directors to review this policy annually as required by law, evaluate the ongoing internal control system, and assess and monitor the implementation of any corrective actions. Collectively, the Internal Control Officer and Board of Directors shall produce an annual internal control assessment that will be included in the Annual Report of the Land Bank as required by the Public Authorities Law.

Section 3. Definitions

“*Expense Originator*” shall mean the director/employee who originates payment authorization, and has personal knowledge of the vendor, and has requested payment and documentation to substantiate the expense.

“*Authorized Check Signatory*” shall mean those employees and/or directors authorized by the Board of Directors to sign checks. The Land Bank’s authorized check signatories are the Chair, the Internal Control Officer and the Treasurer.

“*Payment Authorization Signatory*” shall mean those employees and/or directors authorized by the Board of Directors to approve payment vouchers. The Land Bank payment authorization signatories are the Chair, the Internal Control Officer and the Treasurer.

Section 4. Financial Procedures and Duties

A. Expenses

- a. **Payment Authorization.** Invoices shall be reviewed by the Expense Originator who has direct knowledge of the purpose of the expense, the vendor and can verify the amount to be paid. The payment authorization voucher shall include

details of the vendor, product or service and the amount to be paid. Invoices or other appropriate documentation shall be provided upon request. The Expense Originator then signs and submits an expense payment voucher to be approved by an Authorized Payment Signatory.

- b. Credit/Debit/Purchasing Card Expenses.** Credit, debit and/or purchasing cards may be issued to an employee or director by the Internal Control Officer, or any individual he or she may designate, for the sole purposes of use in connection with official Land Bank business. All credit/debit/purchasing card expenses shall be pre-approved by a Payment Authorization Signatory.
- c. Employee and director Personal Expenses.** Employees and directors may be reimbursed for expenses incurred that directly relate to carrying out the business of the Land Bank. All employee and director expenses must be pre-approved by a Payment Authorization Signatory. Reimbursement checks made payable to an employee or director other than the Internal Control Officer may be signed by the Internal Control Officer. If the reimbursement is to be made to the Internal Control Officer, the Treasurer must sign and approve the check reimbursement. If the reimbursement check is to be made payable to a director, the Internal Control Officer may be the Authorized Check Signatory.
- d. Purchasing.** The Internal Control Officer shall have the power to approve individual purchases to be made by the Land Bank for day-to-day operations (office supplies, computers, etc.) at his or her sole discretion up to \$500. Purchases of items for day-to-day operations over \$500 must be pre-approved by a Payment Authorization Signatory.

B. Income

- a. Deposits.** All deposits of monies, donations, and closing costs shall be reviewed by a Payment Authorized Signatory. An employee or director shall make said deposits upon review and approval of an Authorized Payment Signatory.
- b. Routine Cash Management.** Internal transfers between accounts for routine case management shall be approved and processed by an Authorized Payment Signatory and processed by an Authorized Check Signatory.

- C. Reconciliation and Review.** Bank statements shall be reviewed by the Internal Control Officer and shall be submitted to the Treasurer for reconciliation on a monthly basis. Final statements and reports shall be forwarded to the Board of Directors for review at regularly-scheduled meetings. The Internal Control Officer and any employee or director he or she designates shall have online access to the accounting software to review and monitor transactions at any time.

Section 5. Adherence to Procurement Policies and Procedures

All financial transactions described throughout this policy shall comply with the Land Bank's procurement procedures as outlined in the Procurement of Goods and Services Policy.

Section 6. Annual Review

This policy shall be reviewed annually and the Audit Committee of the Board of Directors shall be responsible for establishing and maintaining for the Land Bank a system of internal control and a program of internal control review. The program of internal review shall be designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the Land Bank's ongoing internal controls.

The Audit Committee shall be responsible for presenting a report of the internal review to the Board of Directors and all employees of the Land Bank.

Adopted: March 28, 2019