

HERKIMER COUNTY LAND BANK

INTERNAL CONTROL AND FINANCE POLICY

SECTION 1

PURPOSE AND AUTHORITY

This policy outlines the process by which Herkimer County Land Bank Corporation 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 with section 2931 of the New York State Public Authority law and internal control standards; and adherence to all policies.

SECTION 2

INTERNAL CONTROL OFFICER

The Executive Director is designated the “Internal Control Officer” and shall work with the Finance, Audit and Governance Committees of the Land Bank 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 Executive Director and the Finance and Audit Committees 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 2

DEFINITIONS

- a. “Expense Originator” shall mean the director/employee who originates payment authorization, and has personal knowledge of the vendor, requested payment and documentation to substantiate the expense.
- b. “Authorized Check and Payment Signatory” shall mean those employees and/or directors authorized by the board of directors to sign checks. The Herkimer County Land Bank authorized check signatories are the Chairperson, the Treasurer and the Executive Director. Two signatures are required for authorization.

SECTION 3

FINANCIAL PROCEDURES AND DUTIES

A. EXPENSES

1. Purchase Requisition

The authorized purchaser shall complete a purchase requisition for all purchases. The purchase requisition shall be initialed by one of the authorized signatories listed. Once the purchase requisition is signed by the authorized purchaser and initialed by an authorized signatory the purchaser may proceed and complete the purchase. The requisition form shall be kept on file.

2. Payment Authorization.

Invoices are 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, HCLB Internal Control and Finance Policy, have a conformation of goods received or packing slip 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, **pursuant to the following thresholds:**

Payment vouchers for \$15,000 or less: If the Expense Originator is an employee, the expense voucher must be approved by any two of the following: The Chairperson, Executive Director or Treasurer. Payments shall only be issued by Authorized Check Signatories.

Payments vouchers in excess of \$15,000: If the Expense Originator is an employee, the expense voucher must be approved by any two of the following: The Chairperson, Executive Director or Treasurer. Payments shall only be issued by Authorized Check Signatories.

4. Credit/Debit Card expenses.

Credit and/or debit cards may be issued to an employee by the Executive Director for the sole purposes of use in connection with official Land Bank business.

Credit card purchases of \$500 or less:

Expenses below \$500 may be made at the discretion of the Executive Director or employee for services, products or vendor payment.

Credit card purchases in excess of \$500:

All credit card purchases in excess of \$500 must be pre-approved by a Payment Authorization Signatory.

The Expense Originator shall submit the credit/debit card expenses for Payment Authorization pursuant to subsection (A.1. Payment Authorization) outlined above.

5. Employee and Board member personal expenses

Employees (including Executive Director) and Board members may be reimbursed for expenses incurred that directly relate to carrying out the business of the Land Bank. All Employee and Board member expenses must be pre-approved by a Payment Authorization Signatory. Reimbursement checks made payable to an Employee other than the Executive Director may be signed by the Executive Director. If the reimbursement is to be made to the Executive Director, another Authorized Check Signatories must sign and approve the check reimbursement. If the reimbursement check is to be made payable to a Board Member, the Executive Director may be the Authorized Check Signatory.

6. Purchasing

The Executive Director may approve individual purchases to be made by the Land Bank for day-to-day operations (office supplies, computers, furniture etc.) at his/her sole discretion up to \$1,000 following the purchase requisition guideline in Section 3, Sub A, Number 1 above. Purchases of items over \$1,000 must be pre-approved by a Payment Authorization Signatory and shall adhere to the purchase requisition guidelines.

B. INCOME

1. Deposits

All deposits of purchase monies, donations, and closing costs must be reviewed by a Payment Authorization Signatory. An employee or board member can make said deposits upon the review and approval of an Authorized Payment Signatory.

2. Routine Cash Management. Internal transfers between accounts for routine case management may 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 Treasurer and shall be submitted to the designated bookkeeper or accountant for reconciliation on a monthly basis. Final statements and reports shall be forwarded to the Executive Director and Finance Committee for review at monthly meetings. The Chairperson, Treasurer and Executive Director shall have online access to the accounting software to review and monitor transaction activity at any time.

D. ANNUAL REVIEW

This policy shall be reviewed annually and the Audit committee 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 also make available to each member, officer and employee a clear and concise statement of the generally applicable managerial policies and standards with which he or she is expected to comply. Such statement shall emphasize the importance of effective internal control to the authority and the responsibility of each member, officer and employee for effective internal control.

The Audit Committee shall implement education and training efforts to ensure that members, officers and employees have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques.

HCLB Code of Ethics

Adopted: December 12, 2024

Amendments: None