

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION

INTERNAL CONTROLS POLICY

A. Purpose and Authority

1. This policy outlines the process by which Buffalo Erie Niagara Land Improvement Corporation (“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 with section 2931 of the New York State Public Authority law and internal control standards; and adherence to all policies.

B. Internal Control Officer

1. The Executive Director is designated the “Internal Control Officer” and shall work with the Finance and Audit Committee and Governance Committee 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 Committee 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.

C. Definitions

1. “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.
2. “Authorized Check Signatory” shall mean those employees and/or directors authorized by the board of directors to sign checks. The Buffalo Erie Niagara Land Improvement Corporation authorized check signatories are the Chairperson, the Treasurer and the Executive Director.
3. “Payment Authorization Signatory” shall mean those employees and/or directors authorized by the board of directors to approve payments. The Buffalo Erie Niagara Land Improvement Corporation payment authorization signatories are the Chairperson, the Treasurer and the Executive Director.

D. Financial Procedures and Duties

1. Expenses

- a. 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 request 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 submits the expense payment to be approved by an Authorized Payment Signatory, pursuant to the following thresholds:

 1. Payment of \$5,000 or less: If the Expense Originator is an employee, the expense must be approved by one of the following: the Chairperson, Executive Director and Treasurer. If the Expense Originator is the Executive Director, the expense must be approved by the Chairperson and/or the Treasurer. Payments shall be issued by an Authorized Check Signatory.
 2. Payments more than \$5,000: If the Expense Originator is an employee, the expense must be approved by two of the following: the Chairperson, Executive Director and Treasurer. If the Expense Originator is the Executive Director, the expense must be approved by both the Chairperson and the Treasurer. Payments shall be issued by an Authorized Check Signatory.
- b. Credit 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 Board member personal expenses.** Employees 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 more than \$500 and 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.

2. Income

- a. Deposits.** All deposits of purchase monies, donations, and closing costs must be reviewed by a Payment Authorization Signatory. An employee, other than the Executive Director shall make said deposits upon the review and approval of an Authorized Payment Signatory.
- b. 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.

3. Reconciliation and Review.

Bank Statements shall be reviewed by the Executive Director and shall be submitted to the designated bookkeeper or accountant for reconciliation on a monthly basis. A summary of account activity will be provided to the board of directors at their monthly 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.

E. Annual Review

This policy shall be reviewed annually. The Finance and Audit Committee of the Board of Directors shall be responsible for establishing and maintaining a system of internal control and a program of internal control review for the Land Bank. 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.

During the Annual Audit, the Independent Auditor shall be responsible for presenting a report of the internal review to the Board of Directors and employees of the Land Bank.