



# NEWBURGH COMMUNITY LAND BANK

## INTERNAL CONTROL AND FINANCE POLICY

This policy outlines the process by which NEWBURGH COMMUNITY LAND BANK, INC. (“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 applicable laws and regulations; and encourage adherence to all policies.

### I. 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, 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.

### II. DEFINITIONS

“Board” shall mean the board of directors of the Land Bank.

“Chairperson” shall mean the chairperson of the Board pursuant to the Land Bank’s by-laws.

“Executive Director” shall mean the executive director of the Land Bank.

“Payment Authorization Signatories:” those employees and/or directors designated by the Board to authorize by signature the payment of vouchers, currently the Chairperson, the Treasurer and the Executive Director.

“Treasurer” shall mean the treasurer of the Land Bank pursuant to its by-laws.

### III. FINANCIAL PROCEDURES AND DUTIES

#### A. EXPENSES

##### 1. Payment Authorization

Invoices are reviewed by the Executive Director. After review of each invoice by the Executive Director, a voucher for payment, detailing the payee, expense account description, project (usually a property address), and class type with which the payment is affiliated and amount to be paid, will be delivered with the invoice to the bookkeeper by electronically submitting them to the cloud-based bill-payment service. The bookkeeper then enters the invoice in the cloud-based bill-payment

service, which is synchronized with the Land Bank ledger, in accordance with the voucher.

The signatures of two Payment Authorization Signatories are required for all disbursements. The first signature is that of the Treasurer or other Payment Authorized Signatory and the second is by the Executive Director, both approving/paying the disbursement via the cloud-based bill-payment service or signing a check. These authorizations are required in order for the cloud-based bill-payment service to issue a check or electronic payment to the vendor and may not be completed until the signed voucher is submitted by the Executive Director and the invoice is entered by the bookkeeper. The bookkeeper will not enter an invoice into the cloud-based bill-payment service or prepare checks for signature absent a signed voucher.

When a one-time or recurring online payment via debit from a Land Bank bank account is arranged with a vendor, or where circumstances necessitate the issuance of a check for payment other than through the cloud-based bill-payment service, the voucher shall be signed by two Payment Authorization Signatories in order to document two-party approval of the transaction. These transactions shall be reported to the bookkeeper for entry into the Land Bank ledger.

## 2. Credit/Debit Card expenses

Credit and/or debit cards may be issued to an employee for the official business of the Land Bank. All credit card expenses in excess of \$5,000 must be pre-approved by two Payment Authorization Signatories pursuant to the procedure for payment authorization set forth in section 1 above. Expenses below \$5,000 may be made at the discretion of the Executive Director for services, products or vendor payment.

Payment upon any credit card statement must be reviewed and authorized by two Payment Authorization Signatories pursuant to the procedure for payment authorization set forth in section 1 above.

Cash may not be withdrawn using a Debit Card.

## 3. 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 and, where applicable, comply with the Land Bank's Travel and Discretionary Funds Policy. If an Employee or Board member seeking reimbursement is a Payment Authorization Signatory, then the pre-approval of another Payment Authorization Signatory shall be required. Reimbursement requests will be processed pursuant to

the procedure for payment authorization set forth in section 1 above.

## B. INCOME

### 1. Deposits

All deposits of purchase monies, donations, and closing costs must be reviewed by a Payment Authorization Signatory.

### 2. Routine Cash Management

Internal transfers between Land Bank accounts for routine cash management must be approved and processed by a Payment Authorization Signatory.

## C. RECONCILIATION AND REVIEW

Bank statements are reviewed by the Executive Director and then forwarded to the bookkeeper for reconciling of accounts. Bookkeeping staff shall also have online viewing rights to all Land Bank bank accounts in order to monitor transaction activity on a daily basis for the purposes of fraud-prevention and to reconcile accounts in a timely manner. All bank accounts shall be reconciled on a monthly basis by the bookkeeper and reviewed by the Executive Director and the Treasurer. A summary of account activity will be provided to the Board at their regular meetings. This will include a budget-to-actual comparison along with monthly and year-to-date totals. Financial ledgers are available for inspection by the Treasurer as well as the annual external independent auditor.

## 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 authority's ongoing internal controls.

The audit committee shall also make available to each Board 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 Board members, officers and employees have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques.

Amended 1/29/18