



ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS 2024

- A. Define the Authority's Major Business Functions - The core purposes of the Franklin County Land Bank are to increase affordable workforce housing, revitalize neighborhoods, and return properties to the tax rolls. To accomplish these goals, we redevelop vacant, abandoned and under-utilized properties through community partnerships and strategic planning. Our goal is to encourage economic growth, long-term sustainability and new opportunities for all of Franklin County residents and businesses so that we can build stronger neighborhoods and enjoy a greater quality of life. To achieve this, the Land Bank enters into business agreements with professional consultants and contractors to rehabilitate and/or replace properties in preparation for resale. Policies and procedures have been established that outline, detail, and underscore the specific legal and regulatory steps the Land Bank must adhere to.
- B. Determine the Risks Associated With its Operations - There are several potential risks associated with the Operation of the Land Bank that have been identified by the Board of Directors. They are as follows:
- a. General Liability Property ownership risks (Premises liability, damage to other properties)
 - b. Fraud, Embezzlement, Financial malfeasance if there was insufficient oversight by the board and diversification of staff roles
 - c. Ineffective or improper use of State funding
 - d. Employment related risk (sexual harassment, injury at the blighted premises).
- C. Identify the Internal Control Systems in Place - the Franklin County Land Bank adopted an Internal Control Policy specifically to address the potential risks and vulnerabilities associated with Land Bank activities. This policy is referred to and reviewed at several points throughout the year, and when a contract is entered into, severed or completed, or payment is tendered. In 2024 the Land Bank

engaged professional legal counsel who are expert in NYS law, hired an outside professional accountant, and a selected a separate independent financial auditor. The Land Bank has also required all expenses to be approved by the Executive Director, a Board Member, and a member of the Finance Committee, before checks are issued. In addition, the Finance Committee reviews all financials and bank statement reconciliation each month.

- D. Assess the Extent to Which the Internal Control System is Effective - the Land Bank's internal control system has been deemed effective and appropriate for its size and budget. The Finance and Audit committee has reviewed and has tested the use of internal control, finance, and audit policies and has found them to be effective with no deficiencies.