

◆ THE TOWN OF ◆
BABYLON
L.D. CORPORATION II

816 DEER PARK AVE. NORTH BABYLON, NY 11703

A Narrative on Internal Controls

An annual budget is approved by the board of directors. Quarterly budget variances are reviewed by the board and are part of the minutes. There is strong consultation between the board and CEO regarding all pending projects and all completed projects. New and pending projects are discussed at each board meeting.

An unrestricted account has been established for monthly operating expenses. Invoices are approved by the CEO and paid by the CFO. Monthly banking reconciliations are prepared by an administrator. Checks collected for fees are copied in duplicate and a deposit slip is prepared. One set of checks is given to the administrator to be filed with the project documentation and one set is given to the Chief Financial Officer.

Segregation of duties is limited due to the small staff size. The CFO does payroll taxes, wage calculations and withholding calculations. Periodic checks and reviews are conducted in addition to a yearly independent audit, by an internal auditor. The internal auditor reports his findings to the audit committee.

Computer files are backed up on a weekly basis and a copy is kept off-sight.

There is ongoing dialogue with the independent auditor throughout the year and reports their finding to the audit committee.