

## ROCKLAND ECONOMIC ASSISTANCE CORPORATION POLICIES GOVERNING THE USE OF AUTHORITY DISCRETIONARY FUNDS

**Provisions:** Section 2824(1)(b) of Public Authorities Law requires directors to understand, review and monitor the implementation of fundamental financial and management controls and the operating decisions of the authority.

**Objectives:** Boards of directors and authority management have an obligation to authorize the expenditure of funds only for purposes that relate to and support the mission of the authority. The fiduciary duty of the board includes adopting policies that safeguard the assets and resources of the authority and protect against the use of funds for purposes that do not advance its core purpose and objectives. It is particularly important for the board to develop a policy on the proper use of authority discretionary funds that clarifies for all employees what would and would not be considered appropriate expenditures.

**Recommended Practice:** Public authorities are governed by statute. In its legal opinion #2007-F4, the Office of the Attorney General determined that the expenditure of authority funds must relate directly to enumerated power, duty or purpose of the authority. The funds of an authority may not be spent in support of the private or personal interests or to the benefit of directors, management or staff. Accordingly, the Authorities Budget Office recommends that all state and local authorities adopt written policies that specifically delineate the proper use of an authority's discretionary funds. This policy should address not only what constitutes a proper discretionary expenditure related to the mission and public purpose of the authority but also address what would be considered improper use of those funds.

REAC's Internal Control Policy provides parameters for management of permitted out-of-town business travel and travel-related expenses that are appropriate to advance the mission of an authority such as guidance as to reasonable amounts for such expenses and require that employees perform due diligence to obtain the lowest cost.

- Require prior approval of or authorization by an appropriate individual to ensure that such travel is reasonable and necessary.
- Require documentation to justify the nature and purpose of such expenses.
- Require the employee to provide receipts for expenses and provide dollar thresholds for what will be considered reasonable including per-diems, government lodging rates where available and amounts for meals and other incidental expenses.
- Certain meal costs are incurred through participation in, or sponsorship of, activities integral to meeting the core public purpose of the authority.
- Appropriate travel expenses, eligible meal costs must be properly documented and reasonable cost thresholds established.
- No credit cards will be issued to officers or staff.

The following are providing parameters of expenses for which the board will not give approval.

- Food, beverages, and other refreshments purchased for the personal use of directors, management or other employees, or by persons with whom the authority conducts business (unless prior authorization is received);
- Flowers and gifts for staff, directors or family members;
- Subsidized or free use of authority services for the personal use of current or former board members, staff, or family members of staff;
- Celebrations for special occasions that do not directly relate to the purpose of the authority, such as catering or decorations for summer picnics, office parties or holiday or retirement parties;
- Charitable contributions or sponsorships of events not associated with the authority's mission;
- Purchases of alcohol or tobacco products;
- Membership dues in professional organizations on behalf of employees;
- Renewal of professional licenses for staff; except for Notary License for an Assistant Secretary;
- Personal use of authority vehicles, unless properly documented for tax purposes;
- Costs to purchase or mail holiday cards, invitations or expressions of sympathy to staff or families of authority staff; or
- Assignment of cell phones or vehicles to non-authority staff.

Further, absent specific statutory power, the Rockland Economic Assistance Corporation may not use public funds to purchase items considered personal expenses or that are intended to personally benefit an employee or director. Expenses such as those listed above do not advance public purpose and should be considered personal in nature.