

Morrison-Talbott Library Finance Policy

General Information

Purpose:

The Finance Policy and procedural guidelines are designed to: 1. Protect the assets of the library; 2. Ensure the maintenance of accurate records of the library's financial activities; 3. Provide a framework of operating standards and behavioral expectations; and 4. Ensure compliance with federal, state, and local legal and reporting requirements.

Guidelines:

Exceptions to written policies may only be made with the prior approval of the board of trustees. Changes or amendments to these policies may be approved by the board of trustees at any time. All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies.

Communication:

On a monthly basis, the library director presents written financial reports on library operations to the Library Board of Trustees. These financial reports include a monthly and cumulative Income Statement for the current fiscal year, checks issued the prior month, accounts payable for the current month, and a monthly payroll summary. Copies of quotes, contracts, pay requests and other financial documents are presented as applicable.

Conflict of Interest:

Officers and employees involved in the library's investment and financial processes shall refrain from personal business activities that might conflict with the proper execution and management of this library program, that could impair their ability to make impartial decisions, or that could give the appearance of impropriety.

No staff member or board of trustee member will use or permit the use of library funds, vehicles, equipment, telephones, materials, or property for their own personal benefit or profit. Library staff and the board of trustees will safeguard library property, equipment, monies, and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

Internal Controls:

In addition to these guidelines, the Library Director and Library Board of Trustees shall establish a system of internal controls and written operational procedures designed to prevent loss, theft, or misuse of funds.

No one person shall control or perform all key aspects of a transaction or financial event. Segregation of duties is an important internal control activity that helps detect errors in a timely manner and deters improper activities. Internal controls instituted by the library will assist the board of trustees in maintaining adequate fiscal oversight of the assets of the library.

Budget

Morrison-Talbott Library has a board-approved written budget. The budget is developed annually as a cooperative process between the Library Director, the Library Board's Budget & Finance and Personnel Committees, and additional staff members with responsibility for budgetary elements. Each year, the Library Board determines if the library's revenues are adequate to meet the needs of the community. If the revenues are not adequate to meet the needs of the community, the board of trustees will act to appropriate funds from available library assets.

Morrison-Talbott Library strives to spend a minimum of 12% of its operating budget on materials for patrons, per *Serving Our Public 4.0: Standards for Illinois Public Libraries*. Materials include books, electronic books, audiovisual materials, periodicals and educational materials.

The library maintains adequate records of library operations in a manner easily understood by the public, as well as by the Library Board of Trustees and the Library Director. This record clearly indicates the financial position of the library. In addition to the general financial position of the library, this record clearly indicates the current position of each budgetary line item, including the total budgeted amount, monthly and year-to-date receipts and expenditures, and remaining budget.

Cash Management

Authorizations:

Financial oversight of the library is the responsibility of the entire Library Board of Trustees with administrative assistance from Library Director. The Board of Trustees has established a Budget & Finance Committee to assist with oversight of the library's financial reporting, cash management, and budgeting. The Budget & Finance Committee reports to the Board of Trustees and at a minimum, includes the Board President and Board Treasurer.

The City of Waterloo engages an independent accounting firm to complete an annual audit, to include the library.

Operations Income:

Patron Fees: A receipt for all payments is always given to the patron and a permanent note is placed in his/her patron record. All payments are also noted in a monthly calendar, which is reviewed monthly by the Library Director.

Services Income: The library charges small fees for a variety of services including, but not limited to, copies, faxing, lamination, scanning and replacement cards. Money collected from these services is noted on the calendar and totaled by the Library Director at the end of each month.

Cash Drawer: Every week, the cash drawers begin with \$100 cash. Weekly on Fridays, the money in each cash drawer is counted by staff assigned to the task and is restored to the standard amount. All excess cash is recorded and secured in a bank bag, locked in a file cabinet and then deposited at month's end.

Petty Cash:

The library does not maintain a petty cash account.

Purchasing

Purchasing Policy:

Morrison-Talbott Library establishes a purchasing policy in order to comply with generally accepted auditing standards and the principles of responsible fiscal management.

Only the Library Director or another person designated by the Board of Trustees may commit the library to make purchases.

With the few exceptions, including purchases requiring action to secure the immediate safety of employees or the public, all purchases require advanced planning and the adherence to the process outlined in this policy and the procedures established by the Library Director and Board of Trustees.

Authority to Spend:

The Library Director of Morrison-Talbott Library is authorized to spend up to \$5,000 on any single item without prior board approval.

The Library Director of Morrison-Talbott Library is authorized to spend up to \$24,000 on any single item only with the approval of the full Board of Trustees.

The library may spend in excess of \$25,000* only after completing the formal bid process as described in Illinois Law. Additional information can be found in the Bid Process section.

In case of extreme emergency, the library director of the Morrison-Talbott Library may spend \$19,000 in addition to \$5,000 with the approval of any two library board members so long as the amount does not exceed the threshold requiring a formal bidding process.

*Note: The statutory amount is \$25,000 and this entry cannot be any higher than that but can be lower in the discretion of the Board, where it is self-imposing a bidding requirement earlier, or at a lower than required amount.

Other staff members may purchase any single item up to \$100. Documentation must include: Original itemized receipt, including a description of the purchase, the quantity ordered, and the vendor.

When applicable, a copy of the packing list attached, initialed, and dated by the person checking in the shipment.

Bid and Quotation Process:

The State of Illinois statutes govern purchases of the Morrison-Talbott Library. In addition to any statutory requirements, it is the policy of the Board of Trustees to use the most responsible business practices in its purchases. It is the policy that all purchases, contracts, and expenditure of funds over \$25,000 shall be awarded to the lowest responsible bidder, which, in the library's opinion, best serves the needs of the library. Decisions will be made based on considerations including, but not limited to, overall cost, conformity with specifications, terms of delivery, quality, warranties, and service. The board shall not be required to accept a bid that does not meet the library's established specifications, terms of delivery, quality, and serviceability requirements. Contracts which, by their nature, are not adapted to award by competitive bidding, are not subject to competitive bidding, including, but not limited to:

- Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part; in emergencies involving public health, public safety, or where immediate expenditure is necessary;
- Where the contracts for the maintenance or servicing of equipment are made with the manufacturers or authorized service agents of that equipment;
- Where the goods or services are procured from another governmental agency;
- Where purchases or contracts are for the use, purchase, or installation of data processing software, equipment, services, and telecommunications;
- For contracts for goods or services which are economically procurable from only one source, such as for the purchase of magazines, books, periodicals, pamphlets, and reports;
- For contracts which by their nature are not adapted to award by competitive bidding, such as contracts for printing, tax anticipation warrants, and other evidences of indebtedness, or contracts for utility services, such as water, light, heat, or telecommunications.

The Library Director seek bids from the widest possible array of contractors and suppliers that time permits. This practice will produce the most competitive offers and terms available from the widest number of interested firms or individuals. For purchases or services costing over \$25,000, the bid information will be advertised in the local newspaper.

Under normal circumstances, for purchases or services costing \$10,000-\$25,000 the Library Director will obtain at least three quotes, except as indicated by the Board of Trustees. When the library has an existing satisfactory relationship with a vendor, the library may continue the relationship with that vendor without seeking further quotes.

Library-Issued Credit Cards:

Credit cards are issued to staff members who frequently make purchase for library events, have frequent travel expenditures, or who order supplies and equipment for the library. The expenditure must be within the guidelines of the particular activity of the approved budget.

The card is not to be used for any personal expenses. In the event that a library-issued card is improperly used for a staff member's personal expense, the staff member is responsible for that expense and will reimburse the library within that statement period for those charges. Disciplinary or legal action may result, depending on the circumstances surrounding the use of the card.

The amount of available credit on each card is determined by the Library Director and Board of Trustees. Purchases may not exceed the assigned credit limit.

Balances on credit cards are paid in full by the library each month. Payments on the monthly statement must be made in a timely fashion so that finance charges are not incurred.

Staff members who use library credit cards must submit all receipts for expenditures. Proper documentation will include an original itemized paid receipt indicating the amount paid, the vendor, and the itemized description of the purchase.

At the end of each month, the Library Director's designee compares all receipts to the credit card statement and all purchases will be reconciled. If there are any discrepancies, the Library Director will check on the matter with the staff member in question.

Banking

Deposits:

The Library Director or administrative designee of Morrison-Talbott Library are authorized to make deposits into appropriate library accounts. Such deposits include, but are not limited to, the deposit of accumulated fees and fines, gifts, donations, grants, and tax receipts.

Disbursements:

Invoices for supplies and library materials are reviewed by the staff member who placed the order and received the materials. The invoices are compared with the order's documentation and packing slips to verify the material was ordered by the library, received in good condition, and the charges are correct.

An administrative staff member, typically the Library Director or designee, must review and sign-off on all invoices weekly.

After invoices have been approved, the Library Director prepares checks for payment and records the transactions in the library's accounting program.

Two Board of Trustees signatures are required on all checks issued for payments. In an emergency, the Library Director may be a second signer.

Authorized signers include the Board President, Board Vice-President, Board Secretary/Treasurer of the Library Director. The same persons will be authorized signers for bank transfers and investment accounts.

After payment, all invoices are filed for audit.

Staff members may occasionally need to purchase materials for the library with their personal funds. Staff may submit itemized receipts for these purchases to the library director for reimbursement. The Board of Trustees shall approve funds for reimbursement. Reimbursements will be paid by check, generally issued within 30 days.

Statements:

The Library Director or designee compares monthly bank statements with interest earned, deposit records, and cancelled checks. A reconciliation report in the account program is prepared for review by the Board of Trustees and filed for the audit.

Pursuant to 40 ILCS 5/1-113.6 and 1-113.17, Morrison-Talbott Library shall include material, relevant, and decision-useful sustainability factors that will be considered by the board, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. These factors consist of but are not limited to: a. Corporate governance and leadership factors b.

Environmental factors c. Social capital factors d. Human capital factors e. Business model and innovation factors in addition, the library's efforts will include the following:

- i. Periodic evaluation of sustainability factors to ensure the factors are relevant to the library's investment portfolio and the evolving marketplace;
- ii. Periodic monitoring of investment managers to encourage implementation of the aforementioned factors.