



Financial Policies and Procedures

1.0 Cash Receipts

Each day that the Library is open and there is mail delivery, the Library Director or the Circulation Manager check the mail. Checks and credit card payments are either given directly to the Administrative Assistant or placed in his or her mail envelope/slot. The Administrative Assistant will open any unopened checks and will copy checks and all supporting documents. Original checks, charge card payment forms and supporting documentation is passed along to the Bookkeeper. The Administrative Assistant retains copies.

Cash, when received, must be counted by two individuals. The date and reason for the receipt should be clearly noted. Copies of supporting documentation are copied and distributed in the manner noted above.

Checks and cash are deposited within five (5) business days by the Bookkeeper, who also enters a record of deposited checks, credit card payments and cash into the agency's accounting software.

The Administrative Assistant will maintain a Cash Receipts Journal which will be kept in a clearly designated location with the Library's financial files. The Administrative Assistant also records donations and grant receipts into the agency's fundraising and community relations database.

1.1 Bank Reconciliations

Original bank statements are received in the office and are reviewed and initialed by Treasurer prior to being passed on to the Bookkeeper. Bank reconciliations are performed monthly by the Bookkeeper. The Bookkeeper performs reconciliations with five (5) business days of receiving the initialed statement from the Treasurer. The Bookkeeper provides a reconciliation report to the Treasurer, who reviews, initials and returns to the Bookkeeper. These reconciliation reports are kept with bank statements in the Library's financial files.

1.2 Petty Cash

All petty cash on hand is kept in a locked cabinet. The Library Director, the Treasurer have a key. Necessary staff may also have a key. Cash is disbursed only with a receipt or approval. Petty cash is reimbursed when necessary throughout the year and at fiscal year end. Replenishing petty cash is done through a Disbursement Request form with



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allocations for all expenses paid and is approved by the Treasurer. The balance in petty cash should not exceed \$200 and any single disbursement of petty cash should not exceed \$50.

1.3 Cash Received at the Circulation Desk

In the course of business, staff at the Circulation Desk receive cash for overdue fines and other usage fees. A fund of \$100 is kept in a locked cabinet behind the desk for such purposes. At the end of each day, the designated staff person tallies the day's receipts and prepares those for the library director, leaving \$100 in the drawer. The library director checks these tallies and submits them to the bookkeeper once a week for deposit.

1.4 Invoices

Invoices are received in the office and are initialed and dated by a designated staff person or board member when they arrive in the mail. All invoices are reviewed for due date and matched, if relevant, with the appropriate delivery ticket or sales order. A Disbursement Request Form is completed with the invoice attached for the payment. The invoice and Disbursement Request Form are then submitted to the Bookkeeper for payment. The Treasurer reviews and approves when he or she signs checks.

1.5 Payment Processing

All checks require a Disbursement Request Form stating the purpose, amount and account code allocations. Generally, the Library Director or relevant board members will receive and review all invoices and prepare Disbursement Request Forms. Other staff may, in the course of business, also receive invoices and prepare Disbursement Request Forms. In these cases, prepared forms and invoices are submitted to the Library Director for approval.

Invoices and corresponding Disbursement Request Forms are submitted to the Bookkeeper, who will write checks for the Treasurer's signature (or that of another officer in his or her absence) and enter information into the agency's accounting software. Checks should be attached to the corresponding Disbursement Request Form and should have all supporting documentation necessary for the Treasurer's signature and review. A copy of the Disbursement Request Form and supporting documentation is kept with the Library's financial files.



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1.6 Business Credit or Debit Cards

At its discretion, the Board may authorize the issuance of agency credit or debit cards in an employee's or board member's name. Such cards should be held only by the named individual. They are to be used for the organization's business related purchases when credit accounts with vendors are not available or when using a check is not feasible. No personal expenses are to be charged on business credit cards and employees and board members are prohibited from using cards issued to them for ATM withdrawals. Original receipts are to be kept with each purchase made with a credit or debit card. These receipts should either be submitted to the treasurer individually within two business days with a Disbursement Request Form noting reason for charge and account code and clearly indicating on which credit or debit card the charge was made. Any debit or credit cards issued to an employee or board member may be revoked at any time and must be returned when employment is terminated or, in the case of a board member, when the board votes a change or the board member leaves the board.

1.7 "House" Accounts

House accounts, in which the Library has established a credit account directly with the vendor (as in the case of Manny's, True Value, PDQ and Lowe's), should be handled in the same manner as credit and debit cards (outlined above). All receipts must be submitted to the Bookkeeper with a Disbursement Request Form noting reason and account code.

Signatories on house accounts are at the discretion of the Library Director and Treasurer and should be dictated by need.

1.8 Office Supplies

The majority of office supplies are purchased through accounts set up by the Library. Staff may make routine purchases, provided they are within the budget established by the board. Processing requirements as outlined above apply to all purchases of office supplies.

1.9 Printing

Print jobs are bid out by staff or board members and must be within the approved organizational budget. All bids are reviewed and the best offer is accepted. Invoices are matched with each bid, compared for accuracy and then processed by using the regular payment review procedures.



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2.0 Large Purchases

For large or one-time purchases over \$2,500, such as office equipment, telephone system or software and building maintenance, staff (or the relevant board member) will get three comparative estimates. The information is then gathered and the best option is then proposed to the finance committee for review and authorization. Upon approval, the order is placed with invoice being the preferred method of payment.

2.1 Employee Expense Reimbursements

Reimbursements from the Library Director or board members are submitted to the Treasurer on a Disbursement Request Form for his or her signature prior to being submitted to the Bookkeeper for payment. Similarly, staff must submit requests for reimbursement to the Library Director for his or her signature.

2.2 Travel and Expense Rates

Mileage reimbursement for use of personal vehicles should will be approved at the current government rate. The mileage rate is in lieu of actual expenses for the vehicle. Meals and lodging for out-of-town travel should not exceed the federal government per diem rate. Documenting travel is necessary for reimbursement. All relevant receipts should be attached to Disbursement Requests.

2.3 Sales Tax and Purchases

The Library is a designated by the Internal Revenue Service as a 501(c)(3) organization and is approved for exemption from the payment of sales taxes levied by New York State and/or any county therein. As a result, the Library should not and generally cannot pay for sales taxes on purchases. Library staff and board members needing to make a purchase, either with a new vendor or for later reimbursement, should request a sales tax exemption from the Library Director, Treasurer or Bookkeeper and should submit this to the vendor.

Generally, the Library cannot reimburse employees and board members for sales tax. Employees and board members should provide the sales tax exemption form at the time of purchase. If they opt not to, they should not include the resulting sales tax paid on their request for reimbursement.

In the rare cases where a staff or board member diligently attempted to make a purchase



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without sales tax but could not for reasons beyond their control, a brief written explanation should be provided with the request for reimbursement.

2.4 W9 for Independent Contractors

The Library follows IRS policy regarding the preparation of W9 forms for independent contractors. Unless a single payment is \$600 or more or it can reasonably be determined that the Library will pay an independent contractor a total of \$600 or more within a calendar year, a W9 form should not be requested of the contractor and will not be prepared by the Library.

Payments to independent contractors will be made on approved invoices. Invoices should include name of contractor, address, social security or Federal tax ID number, an explanation of service provided and the total due.

2.5 Access to Financial Files and Software

The Bookkeeper, Treasurer and President should have access to electronic financial records maintained by the Library. Other individuals may, at the discretion of the Treasurer, be granted access but these cases should be considered carefully and should be dictated by exigency and limited in time. Accounting software must always be password protected with passwords provided as outlined above.

The Library Director, Bookkeeper, Treasurer, President and Administrative Assistant should have access to paper financial files maintained by the Library. Such files should be kept under lock and key at all times with keys provided solely to the individuals noted above.

2.6 Quarterly Report to the Board

The Treasurer will prepare a quarterly financial report for the Board of Trustees. The Finance Committee will meet and review the report prior to its submission to the board.

2.7 Annual Budget Preparation

The Board of Trustees is responsible annually for the preparation of a budget that clearly notes projected income and expenses and that provides narrative explanation. The Treasurer leads this process with the active engagement of the Finance Committee and the Library Director. The process is as follows:



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- In October, the Treasurer convenes a meeting of the Finance Committee and the Library Director. Priorities for and issues regarding the coming year's budget are discussed and assignments regarding the preparation of the budget. The Finance Committee meets as needed to complete a budget proposal.
- Also in October or early November, the Library Director prepares a proposed salary plan for the coming year. This is reviewed by the Personnel Committee and then passed on to the Finance Committee for incorporation into the proposed budget.
- In November, the Finance Committee submits a completed proposed budget with narrative explanation to the members of the Board of Trustees. Distribution should occur so that board members have ample time to review prior to the Board's final meeting of the calendar year (generally in early December).
- At this meeting, the board discusses and accepts the proposed budget.
- After acceptance, copies are made and kept at the Circulation Desk for distribution to Library Association members upon request.
- A vote on the proposed budget occurs at the Library's annual meeting for association members in January. The approved budget is for that calendar year.

2.8 Accounting Review

The Library will complete all audits and reports as stipulated by state and federal law. The Board of Trustees may, at their discretion and by majority vote, opt for audit and review above the level mandated by state and federal law.

Federal 990 reports must be reviewed and accepted by the board prior to their submission to the Internal Revenue Service.