



Internal Controls Policy

1.0 General

- The Board of Directors is responsible for authorizing all bank accounts and check signers.
- Financial institutions where Library accounts are maintained are notified on an annual basis of any changes in check signers, following the transition of officers or changes in staff with check signing responsibilities.
- Financial reports shall be presented to the Board of Trustees for review on a quarterly basis.
- An annual financial review or audit will be conducted by a qualified outside auditor in a manner determined by state law and a vote of the Board of Trustees.
- Applicable federal, state and administrative guidelines relating to specific grant funding shall be followed.

1.1 Cash Receipts

- Employees handling cash will have the necessary knowledge and skills to perform the job and will be carefully supervised.
- Cash receipts must be deposited within five business days.
- Incoming checks must be restrictively endorsed, "for deposit only," with the organization's account number.
- Incoming cash must be counted and receipts/bank deposits developed by two or more persons authorized to perform these functions.
- Records of cash received must be totaled and initialed by authorized employees or board members.
- Cash collection documentation totals must be compared and reconciled to bank deposit receipts on a regular basis.
- Bank deposit receipts must be compared and attached to the original bank deposit slips.
- Adequate physical controls must be maintained over cash receipts from the time of receipt to deposit in the bank.

1.2 Cash Disbursements

- Supporting documentation must accompany checks when presented for signature
- The Bookkeeper writes checks and the Treasurer signs checks.



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- Disbursements, as a general rule, must be made by check, but can be made with a debit card, credit card or with petty cash as described in the agency's Financial Policies and Procedures.
- Only pre-numbered checks shall be used and always in sequence.
- Signing of blank checks is strictly prohibited. Checks must be made payable to specific payees based upon appropriate documentation; and never to "cash" or "bearer."
- Prior to preparing checks, receiving reports should be compared to vendor invoices for accuracy. Checks must be prepared from vendor invoices only and not from a vendor statement.
- Signature stamps may never be used to sign checks.
- Dual signatures are required for all checks over \$2,500, with the exception of routine utility payments and payroll checks for salaried employees.
- Access to blank checks must be limited to persons authorized to prepare checks. Blank check stock must be locked in a secure place when not in use.
- In rare emergencies that do not allow for the typical lead time for check preparation and signing, the library director may access blank checks, prepare and sign a check. The library director cannot prepare and sign a check made payable to himself or herself.
- Any voided or spoiled checks must be marked "VOID" and the signature portion must be removed. Voided checks must be retained in a secure place.
- Bank account statements must be reviewed by the Treasurer and accounts must be reconciled by the Bookkeeper on a monthly basis.
- The Treasurer must receive bank statements, including canceled checks (or copies), unopened from the bank. All check numbers must be accounted for.
- Checks outstanding over 90 days must be periodically investigated, with payment stopped and an entry made restoring such items to cash if appropriate.

1.3 Travel and Expenses

- Requests for travel reimbursement by staff other than the library director must be approved by the director in advance. The library director plans travel for himself or herself within the parameters of the approved organizational budget.
- Employees must submit a detailed expense record, with supporting documentation, in order to be reimbursed for expenses; and initialed for approval by the Library Director prior to payment. Requests from the Library Director will be approved by the Treasurer.