



FINANCE POLICY

General Information

- **Purpose:**
 - The policies 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 and business manager present written financial reports on library operations to the finance committee. These reports cover finances, library usage, matters of personnel, collection development, programming, and any other relevant and pertinent information.
- **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, or 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, business manager, and finance committee 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



- The Vespasian Warner Public Library District has a board-approved written budget. The budget is developed annually as a cooperative process between the board's finance committee, the library director, business manager, and additional staff members with responsibility for budgetary elements. Each year, the board of trustees 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 take action to appropriate funds from available library assets.
- The Vespasian Warner Public Library District strives to spend a minimum of 12% of its operating budget on materials for patrons, per *Serving Our Public: Standards for Illinois Public Libraries*. Materials include books, electronic books, audiovisual materials, and periodicals.
- The library maintains adequate records of library operations in a manner easily understood by the public, as well as by the board of trustees, library director, and business manager. This record of library operations is presented monthly to the finance committee and 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 the business manager and library director. The board of trustees has established a finance committee to assist with oversight of the library's financial reporting, cash management, and budgeting. The finance committee reports to the board of trustees and at a minimum, includes the business manager, board president, and board treasurer.
 - The library engages an outside accounting firm to record financial transactions, prepare checks for payroll and payables, make transfers between funds, make online payments to specific accounts authorized by the board of trustees, prepare financial reports, and assist with the annual audit.
- **Operations Income:**
 - Fines and Fees: A receipt for all payments or waivers is always given to the patron and a permanent note is placed in his/her patron record. All payments are also noted on the daily report, which is reviewed by the business manager.
 - Services Income: The library charges small fees for a variety of services including, but not limited to, copies, faxing, lamination, ear buds, room rental, disc cleaning, and replacement cards. Money collected from these services is noted on the daily report and totaled by the business manager at the end of each month.



- Cash Drawer: Every two weeks, the cash drawer begins with a standard amount of money. Before opening every other week, the money in the cash drawer is counted by both the business manager and the executive assistant or administrative designee and is restored to the standard amount. All excess cash is recorded and deposited in the bank the same day. Any significant shortages based on reconciliation with the daily report will be noted and investigated as needed.
- Waivers: A reason and adequate notes are required for every waiver of library fees. All staff members are authorized to make waivers up to \$10. Waivers over \$10 are referred to the library director or circulation supervisor. The library director will investigate any suspected abuse of waivers by library staff.
- **Petty Cash:**
 - The petty cash fund is to be used for small purchases or for purchases to solve an immediate need when a library-issued credit card is not available or is not practical to use.
 - The library will maintain a petty cash fund of \$100. Only the library director, business manager, or their designee should access these funds. Transactions should be reimbursed only with a receipt. At any time, total cash and receipts will equal \$100.
 - When cash is low, the library director can request funds equal to the total amount of receipts to replenish the petty cash fund. The executive assistant or administrative designee will then replenish the fund during the next bank deposit.
 - The library director, business manager, or board treasurer may conduct an unscheduled check of all petty cash funds to insure proper handling.

Purchasing

- **Purchasing Policy:**
 - The Vespasian Warner Public Library Districts establishes a purchasing policy in order to comply with generally accepted auditing standards and the principles of responsible fiscal management.
 - Only the library director, business manager, 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 and business manager are authorized to spend the following amounts on any purchase order with the appropriate level of approval.
 - Up to \$5,000 on any purchase order without prior board approval as long as it is included in the library's annual budget or in an approved capital plan.



- Up to \$10,000 on any purchase order with the approval of the appropriate board of trustees committee (finance, personnel, property, or policy).
- Up to \$25,000 on any purchase order 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.
- Other staff members may purchase any single item up to \$250.
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 Vespasian Warner Public Library District. 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 or business manager shall 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 quotations, 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 executive assistant or administrative designee compares all receipts to the credit card statement and all purchases will be reconciled. If there are any discrepancies, the executive assistant or administrative designee will check on the matter with the library director and staff member in question.

Banking

- **Deposits:**



- The library director, business manager, and executive assistant or administrative designee of the Vespasian Warner Public Library District 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.
- Credit card deposits are made from the library's automated online system, Jet Pay. Funds processed through this system are deposited directly into the library's bank account less any processing fees that have been incurred.
- **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 business manager, must review and sign-off on all invoices bi-weekly.
 - After invoices have been approved, the library accountant prepares checks for payment and records the transactions in the library's accounting program.
 - Two signatures are required on all checks issued for payments.
 - If a staff member approves an invoice, he/she may not also sign the check for that invoice.
 - Authorized signers include the board president, board treasurer, business manager, and library director, or other board designee. 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 president or treasurer shall approve funds for reimbursement of the library director. Reimbursements will be paid through petty cash or a check will be issued within 30 days.
- **Statements:**
 - The business manager compares bank statements monthly with interest earned, deposit records, and cancelled checks. A reconciliation report in the account program is prepared by the library accountant and sent to the business manager for review.
 - The finance committee receives and reviews a monthly log of all account balances, a record of checks issued during the previous month, and a monthly update of income/expenditures as compared to the library's annual budget.

Pursuant to 40 ILCS 5/1-113.6 and 1-113.17, The Vespasian Warner Public Library District 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.

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