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## **Financial Management Policy**

### **I. Accounting System**

Designed specifically to:

1. Assemble information on all finance-related transactions and events.
2. Provide the ability to analyse all data collected.
3. Classify data in accordance with the chart of accounts.
4. Record data in the appropriate books of accounts (journals, ledgers).
5. Report data to management and to outside parties in an appropriate format and in a timely manner.
6. Maintain accountability to assets.

The accounting system will include:

1. A general ledger.
2. Subsidiary journals as necessary, i.e. general, revenue, expenditure, payroll.
3. Written documentation supporting, authorizing and explaining individual financial transactions – invoices, bank statements, purchase orders, payroll, transfers, etc.
4. Any other data deemed necessary for the preparation of financial statements.

### **II. Control Policies and Procedures**

Specific policies and procedures are needed to ensure an effective control environment and an effective accounting system:

1. All financial procedures must conform to standard accounting procedures, and must conform to Oregon Revised Statutes (ORS).
2. All transactions are properly authorized.
3. Duties are segregated – as much as practical no single individual should be able to (1) authorize a transaction, (2) record the transaction in the accounting system books and (3) ensure custody of the asset resulting from the transaction.
4. Accounting records and documentation are properly designed and maintained.
5. Access to both assets and records is controlled.
6. Accounting data is periodically reviewed and compared to the underlying records.
7. All financial related records are retained in accordance to ORS and properly secured.
8. Records no longer required to be retained are securely destroyed.
9. Periodic review of physical assets and maintenance of an asset listing.

## **II. Control Policies and Procedures (cont'd)**

10. The Treasurer or Director shall submit the prior month's financial report and a list of all financial transactions for the prior month to the Board of Directors with the packet for the regular monthly meeting.
11. Any and all financial computer systems will be maintained in a secure environment, accessed only by documented/authorized personnel and regularly maintained to prevent data loss.
12. Annual audits will be performed in compliance with ORS and governmental generally accepted accounting principles.

## **III. Cash and Purchasing**

1. Cash disbursement:
  - Check-signing authorization is limited to the Library Director, or designee, And designated Board Member(s).
  - Two signatures are required on each check: the signature of the Board Chair, or in her/her absence, the Board Vice-Chair or Treasurer; and the signature of the Library Director, or in his/her absence, the Library Director's designee.
  - Authorization of payment is required by at least the Library Director, or Designee.
  - Pre-signing any check is specifically prohibited.
  - Blank checks are specifically prohibited.
  - Checks will be sequentially numbered.
  - Check stock will contain security safeguards designed to reasonably prevent fraud.
  - Check stock will be properly secured and use will be documented.
  - Voided checks will defaced and shredded.
  - Signature stamps are specifically prohibited.
2. Cash handling
  - Monthly cash counts and reconciliation will be performed.
  - Deposits shall be performed weekly or when cash to be deposited exceeds \$500, whichever comes first.
  - Cash till control and reconciliation will be standard policy.
3. Management review of current bank account reconciliations will be required monthly.
4. Available surplus funds may be invested in accordance to ORS with the primary consideration being the security of public funds.
5. Banking will be conducted in accordance with ORS and applicable account practices.
6. Purchasing
  - Original invoices or electronic facsimiles will be required.
  - Employees of the District will not also serve as independent contractors to the District.
  - Employees of the District will not accept any form of consideration from an outside entity while performing their District duties.

### III. Cash and Purchasing (cont'd)

#### 7. Expenditures approval

- The Board of Directors shall approve all expenditures for supplies, materials, equipment, or any contract obligating the District in excess of \$500 with the following exceptions:
  - Purchase of emergency services or materials which cannot be delayed until the next Board meeting but which exceed \$500 may be approved by the Board Chair with the limitation that the purchases must comply with ORS and may not exceed the budgeted allocation for the pertinent expenditure category.
  - Payments of monthly statements, composed of several individual invoices not exceeding \$1000, incurred while conducting regular library business such as purchasing collection materials or office supplies or paying credit statements.
- The Library Director shall authorize all expenditures for supplies, materials, equipment, or any contract up to or less than \$500, with the following exceptions:
  - No contract for the services of legal counsel may be awarded without the approval of the Board of Directors.
  - Total expenditures within a line-item may not exceed the budgeted allocation of that line-item without the prior approval of the Board of Directors.

### IV. Debit Cards

The Library Director is authorized to apply for a debit card in the name of the District from the District's official bank. District debit cards are subject to the following restrictions and controls:

1. Only the following district officials and staff members shall be listed on the debit card agreement as authorized users:
  - All Board Members
  - Library Director
  - Staff explicitly authorized by the Director
2. The District debit card shall only be used for transactions in which writing a check in advance of the order is either impossible or would result in a delay in the delivery of goods or services during a time of emergency. The District debit card may also be used to facilitate travel by employees and officials on District business. Any use of the debit card shall be done in accordance with the District's Financial Management Policy and travel reimbursement policy.
3. Use of the District debit card to charge any personal purchases is strictly prohibited, regardless of whether the official or employee intends to reimburse the district for the purchase.
4. Any official or employee authorized to use the District debit card shall submit to the Library Director original receipts for all purchases made with the card as soon as practical after the purchase is made and a receipt received. Each month Library Director or designee shall reconcile the receipts submitted with the monthly debit card statement to ensure proper card usage.

## **V. Personnel**

Employment policies will include procedures that will reasonably ensure protection of District assets:

1. Employment application will include:
  - A statement that false information or misrepresentation can be cause for disqualification or dismissal.
  - Criminal background check with candidate's written approval.
  - Reference check.
2. Appropriate supervision of all staff.
3. Rotation of duties/cross-training.
4. Communication and confirmation of policies and ethics.
5. Employee and financial contractor fidelity coverage (bonding) is required (when applicable).

## **VI. District Assets and Capital Outlay**

The Library Director will not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, s/he may not:

1. Fail to insure against theft and casualty losses to at least 80 percent of replacement value and against liability losses to Board members, staff, and the organization as required by Oregon Revised Statutes.
2. Subject facilities to improper use or insufficient maintenance.
3. Unnecessarily expose the organization, its Board, or staff to claims of liability.
4. Make any purchase (1) wherein normally prudent protection has not been given against conflict of interest; (2) of over \$500 without having obtained comparative prices and quality; (3) of over \$3000 without evaluating a balance of long-term quality and cost.
5. Fail to protect intellectual property, information, and files from loss or significant Damage.
6. Receive, process, or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.
7. Fail to follow state law regarding the investment of capital assets in secure instruments.

Capital outlay shall include expenditures on the following:

1. Land acquisition or improvement, including improvements and installations on the grounds;
2. Building construction, expansion, or remodeling;
3. Installation, addition, or replacement of major building systems such as heating and cooling, electrical, plumbing, and other services;
4. Depreciable equipment, which includes items that have an anticipated useful life exceeding one year, cost \$5000 or more, retain their original shape and use, and are nonexpendable.

Equipment, including nonexpendable equipment costing less than \$5000 such as computers and carts, must be inventoried. Surplus equipment shall be handled according to the Surplus Property Policy.

Approved by the Board of Directors, March 19, 2015