

# Lane Library District Financial Management Policy

## I. Accounting System

The District's accounting system shall be designed specifically to:

1. Assemble information on all finance-related transactions and events.
2. Provide the ability to analyze all data collected.
3. Classify data according to the chart of accounts.
4. Record data in the appropriate books of accounts.
5. Report data to management and outside parties in an appropriate format and in a timely manner.
6. Maintain accountability of assets.
7. Retain data according to the State of Oregon's retention schedule for special districts.

The accounting system shall include:

1. A general ledger.
2. Subsidiary journals as necessary, including revenue, expenditures, and payroll.
3. Written documentation supporting, authorizing, and explaining individual financial transactions including invoices, bank statements, purchase orders, payroll, transfers, etc.
4. Any other data deemed necessary to prepare financial statements.

## II. Control Policies and Procedures

The District follows these policies and procedures to ensure control and an effective accounting system:

1. All financial transactions shall conform to standard accounting procedures and Oregon Revised Statutes and Administrative Regulations (ORS)
2. All transactions are authorized properly according to prescribed delegation of authority.
3. Duties are segregated. As much as is practical, no single individual should be able to (1) authorize a transaction, (2) record the transaction in the accounting system, and (3) take custody of the assets resulting from the transaction.
4. Accounting records and documentation are designed and maintained properly.
5. Access to assets and records is controlled.
6. Bank accounts may only be opened or closed with Board authorization. All security controls (signatures, documentation, and identification) of the financial institution shall be strictly followed.
7. Accounting data is reviewed periodically and compared to underlying records.
8. All financial records are retained and secured in accordance with ORS.
9. Records no longer required to be retained are destroyed securely.
10. Payroll records and processing are reviewed periodically. All timesheets are reviewed by the bookkeeper and Director. The Director's timesheet is also reviewed by a Board member.
11. Physical assets are reviewed periodically and an inventory is maintained.
12. The Library Director shall submit the prior month's financial report, balance sheets, and reconciliation summaries to the Board of Directors with the packet for the regular monthly meeting.
13. Financial computer systems shall be maintained in a secure environment, accessed only by documented/authorized personnel, and regularly maintained to prevent data loss.
  - a. Passwords shall be changed every six months.
  - b. Each user shall use a unique password.
14. Annual audits shall be performed in compliance with ORS and generally accepted accounting principles (GAAP) for governmental entities.
15. The Library Director and any other staff significantly involved in District financial procedures shall be required to take a vacation of at least five consecutive business days per year.

### III. Cash and Purchasing

The District shall follow these specific policies for cash and purchasing:

1. Cash disbursement:
  - a. Check-signing authority is limited to the Library Director, Board President, Board Vice-President, and another designated Board member.
  - b. Two signatures are required on each check.
  - c. Some regularly-recurring bills and payments may be paid electronically by the Library Director or designee. Bills and payments authorized to be paid electronically shall be established annually by Board resolution. Invoices must be retained and reviewed by the Board President or Vice-President. (need to make resolution for this)
  - d. Authorization of payment is required by the Library Director or designee.
  - e. Original invoices shall be attached to checks before signing.
  - f. Pre-signing any check is prohibited. ◦ Blank checks are prohibited.
  - g. Checks shall be numbered sequentially.
  - h. The check stock shall contain security safeguards to prevent fraud.
  - i. The check stock shall be secured by the bookkeeper and issued as needed to the Director for check printing. All use shall be documented.
  - j. Voided checks shall be defaced and retained in the financial records.
  - k. Signature stamps are prohibited.
2. Cash handling
  - a. Daily cash counts shall be performed.
  - b. Cash removed from till shall be counted by two staff members. Cash register printout and cash journal shall be initialed by both employees.
  - c. Deposits shall be performed weekly or when cash to be deposited exceeds \$500, whichever comes first.
  - d. Cash till control and reconciliation shall be standard policy.
3. Two designated Board members shall review bank account reconciliations monthly, including:
  - a. Verify check sequences,
  - b. Verify account balances,
  - c. Review check signatures,
  - d. Review credit card statements and documentation.
4. Available surplus funds may be invested according to ORS with the primary consideration being the security of public funds.
5. Banking shall be conducted according to ORS and applicable accounting practices.
6. Purchasing
  - a. Original invoices shall be required.
  - b. Employees of the District shall not serve as independent contractors to the District.
  - c. Employees of the District shall not accept consideration from an outside entity while performing District duties.
7. Vacation reserve
  - a. The District shall retain a vacation reserve of at least 75 percent of all employees' outstanding vacation and holiday accrual.
8. Expenditures approval
  - a. The Board of Directors shall approve all expenditures for supplies, materials, equipment, or any contract obligating the District in excess of \$3,000 with the following exceptions:
    - i. Purchase of emergency services or materials which cannot be delayed until the next Board meeting but exceed \$3,000. Such purchases must be approved by the President and comply with ORS.

- ii. Payments of monthly statements, composed of individual invoices not exceeding \$3,000, incurred while conducting regular library business such as purchasing collection materials or office supplies or paying credit statements.
  - iii. Regular payments on contracts that have been pre-approved by the Board of Directors.
- b. The Library Director shall authorize all expenditures or contracts up to \$3,000 except Contracts for legal services.
  - c. Total expenditures within a budgetary fund category may not exceed the budgeted allocation of that category without prior approval of the Board of Directors.

#### **IV. Credit Cards**

The Library Director is authorized to apply for credit cards in the name of the District. District credit cards are subject to the following restrictions and controls:

1. Only the following officials and staff members shall be listed on the District's general purchasing credit card agreements as authorized users:
  - Library Director; and
  - Staff explicitly authorized by the Director.
2. District credit cards shall only be used for transactions in which writing a check in advance is either difficult or would delay delivery of goods or services during a time of emergency. District credit cards also may be used to facilitate travel by employees and officials on District business. Any use of the credit cards comply with shall the District's Financial Management Policy and travel reimbursement procedures.
3. Use of District credit cards for personal purchases is prohibited.
4. Any official or employee who uses District credit cards shall submit to the Library Director or designee original receipts for all purchases made as soon as practical after the purchase. Each month, the Library Director or designee shall reconcile the receipts submitted with the monthly credit card statements to ensure proper card usage.
5. The Library Director shall ensure that credit card statements are paid in full each month so that no finance charges are incurred. Copies of credit card statements shall be made available to the Board of Directors for review during monthly reconciliations or upon request.

#### **V. Personnel**

Employment policies shall include procedures that reasonably protect District assets:

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

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

The Library Director shall not allow 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.
2. Subject facilities to improper use or insufficient maintenance.
3. Unnecessarily expose the District, its Board, or staff to claims of liability.

4. Make any purchase (1) contrary to state statutes and regulations concerning conflicts of interest; (2) of over \$500 without having obtained comparative prices and quality; (3) of over \$3,000 without evaluating a balance of long-term quality and cost.
5. Fail to protect intellectual property, information, and files from loss or damage.
6. Receive, process, or disburse funds under insufficient controls to meet the Board-appointed auditor's standards.
7. Fail to follow state law regarding 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. Shelving;
5. Depreciable equipment, which includes items that have an anticipated useful life exceeding one year, cost \$5,000 or more, retain their original shape and use, and are nonexpendable.
- 6.

Equipment, including nonexpendable equipment costing less than \$5,000, must be inventoried.

## **VII. Surplus Property**

The Library Director or designee may declare property surplus that is deemed no longer useful to the District. Such property may include all tangible assets such as equipment, materials, supplies, and furniture. Surplus property shall be disposed in the following order of preference:

1. Recycled internally: Staff should first deem whether property has use for District purposes other than its original use.
2. Sold or traded: If property is deemed to have significant value, it shall be sold or traded for something of equivalent value. Property shall be sold "as is". If property is deemed of particular use to a library, it shall first be offered for sale to other libraries in the District's consortium or in Oregon. Funds received from sale of property shall be considered miscellaneous income into the fund from which the property was or would have been purchased.
3. Donated: If property is deemed to have little value, it shall be offered for donation if it is not cumbersome to do so. Property also may be donated rather than sold if the donation would provide significant good will benefits to the District. If property is deemed of particular use to a library, it shall first be offered for donation to other libraries in the District's consortium or in Oregon. Unless they are considered of particular value, discarded collection materials shall be donated to the Friends of the Creswell Library.
4. Discarded: Property that has no value or cannot be sold, traded, or donated shall be discarded. The District prefers to discard property with a service that recycles all or a portion of the property. Otherwise, the District shall discard property through its regular waste disposal service.
  - Hazardous substances shall be discarded in accordance with proper safety procedures.
5. Any electronic equipment that stores documents, licensed software, copyrighted material, personal information about District patrons, staff, or Board members, or other sensitive information shall be erased before being disposed per this policy.