

## Financial Policy

The Romeo District Library fiscal year will be the first day of July to the last day of June.

**I. LIBRARY BOARD OF TRUSTEES' RESPONSIBILITY:** The financial resources of ROMEO DISTRICT PUBLIC LIBRARY are the responsibility of the Romeo District Public Library Board of Trustees (Board). The Board will:

- provide guidelines for management and allocation of financial resources which will produce optimum benefit for those we serve.
- monitor and evaluate the financial plans, the Investment Policy and the Purchasing and Bidding Guidelines of the Library to ensure the financial integrity of the Library.
- use financial best practices that conform to state law and government approved accounting standards to conduct the business of the library and to provide transparency for the public.

**II. DEFINITIONS:** Terms and their definitions in the Purchasing Guidelines will apply to the Library Financial Policy.

### **III. BUDGET**

**A.** An annual operating budget will be prepared by the Director and presented at a public hearing before going to the Board for approval. The budget will reflect the cost of carrying out the programs and services of the Library for the next fiscal year. This budget will also reflect the anticipated revenues of the Library.

**B.** The budget will be viewed by the Board as its financial plan for the Library, and approval of the budget by the Board will be authority for the Director to manage the Library's finances according to the plan, the Financial Policy and the Purchasing Guidelines. The Director will keep the Board well informed of the ongoing status of the financial plan, and will not make expenditures outside of the budget plan without seeking Board approval to amend the budget. Amendments to the budget will be presented to the Board for approval if there are significant unanticipated revenues or costs incurred which were not anticipated.

**C.** Taxes levied for Library use taken together with fines, state aid monies and other public money paid to the Board will be deposited to the credit of the Library. All checks for expenses will be issued in accordance with the financial policy.

### **IV: FINANCIAL MANAGEMENT**

**A.** The accounting practices and procedures used by the Library will allow for proper management of the Library's revenues and expenses, and will provide adequate systems of monitoring by the Board and its outside auditors.

1. An internal audit process will be established and maintained.

Gross violations or breach of trust will be reported to the Board immediately upon discovery.

2. An annual audit of the Library's finances will be conducted by the independent auditor contracted by the Board.

**B.** Reports reflecting the financial condition of the Library will be presented to the Board monthly. These reports will include:

- monthly statement of cash flow.
- monthly revenue and expense statement for the month and year to-date with comparison to the budget.
- monthly voucher list.

**C.** The credit card may be used only by Director approved staff for the purchase of goods or services for the official business of the Romeo District Library. The employee using the credit card must submit documentation detailing the goods or services purchased, cost, date of the purchase, and the official business.

**D.** Staff purchases will be made only with a properly authorized Request to Purchase form signed by the Director. Such purchases will conform to the Board approved Purchasing Guidelines in terms of obtaining proper authorization before placing an order, obtaining competitive quotes or competitive bids and proper reporting of purchasing activities to the Board.

**E.** The Director may approve any annual Contract having a cost that does not exceed \$3,000 over the Contract life or for more than one year. The Board must approve all other Contracts having a cost in excess of \$3,000. At the time the Board approves a Contract, it will determine if the Contract requires attorney review and opinion to assure that the Contract is legally sound and that the Library's interests are protected. The Director shall review all Contracts under \$3,000 every two years to explore potential cost savings.

**F.** Contracts will be awarded on the basis of the purchasing considerations in the Purchasing Guidelines. No Contracts may be awarded which are not in compliance with the Library's Code of Ethics and Conflict of Interest policy.

**G.** At a minimum, all Contracts must contain the purpose, effective dates, authorized signatures, amount to be paid, how liability risks are covered or met, and services and or products to be provided.

**H.** The Director may not risk financial losses to the Library beyond those that may occur in the normal course of business.

The Director working with the business manager will take steps:

- \_ to prevent embezzlement,
- \_ to ensure against casualty losses to full replacement value,
- \_ to ensure against liability losses (to Board members, the Library or to Library funds),
- \_ to provide that all personnel with access to more than \$500 cash of the Library's money are appropriately bonded,
- \_ to provide that facilities and equipment are properly maintained,
- \_ to limit exposure of the Library, the Board and the staff to claims of liability,
- \_ to ensure funds are disbursed only in compliance with Board authorization applicable state laws,
- \_ to provide there is a backup of all computer and other financial records necessary for uninterrupted operation of the Library.

**I.** Unbudgeted emergency repairs to the physical plant or equipment that must be completed immediately, and cannot be practically submitted to the Board for approval, may be authorized by the Director. The Director will advise the Board of the emergency expenditures as soon as possible.

**J.** The Board is the ultimate spending authority for the Library. To more efficiently conduct Library business, the Director has the authority to authorize appropriate staff with internal controls consistent with the Purchasing Guidelines to effectuate purchasing decisions. In the absence of the Director, the authorized staff within the scope of their authority will make financial transactions that are within the scope of the Director's authority.

**K.** Approval of travel, dining, accommodation or similar expenses will always be at the next highest level of authority for every employee. Director expenses will be approved by the Board President or in the absence of the President by the Vice President. Board member expenses will be approved by the full Board. Per Diem rates for food should follow current IRS annual rates.

**L.** No employee will knowingly approve a transaction which is in violation with the Library's Code of Ethics and Conflict of Interest policy. If there is any doubt about the propriety of the expense, the employee should not approve the expenditure, but rather refer the expense to a higher authority within the Library.

**M.** Because the purpose of the Library as a Public Library is to use the taxpayer provided funds for Library purposes only, such funds may not be distributed to any other charitable purpose or other governmental entity.

**N.** All purchases made under a cooperative program with another governmental entity, including, but not limited to, the Village of Romeo, another public library, SLC library cooperative, Washington Township, Bruce Township or the State of Michigan, in which prices have been previously determined by competitive bidding, are exempt from the requirements for competitive quotes or competitive bidding.