

Financial

Policies

**Adopted
7/21/2020**

Overview

To maximize accuracy and to prevent fraud, the Claverack Free Library has established the following financial policies which emphasize segregation of duties, transparency of financial activities and protection of assets. Most financial information of the library is available to the public upon request. However, as relates to donors, if there are donations meant to be anonymous, those associated with the library and with access to the information agree to maintain the anonymity of such donors.

Role of the Fiscal Officer

The Fiscal Officer is the Chair of the Budget and Finance Committee. The Fiscal Officer calls and leads meetings of the Budget and Finance Committee, working with other members of the committee to ensure transparency of library finances and communication about financial activities with the rest of the trustees.

Claims Audit Process

All invoices must be approved by the library director, committee chair or individual in charge of a project, such as a trustee or a Friend of the library. (For example, a Friend could approve payment for BookIt program t-shirts). Approval may be indicated by inclusion with the bimonthly list of payments, by initialing an invoice or via email.

The bookkeeper prepares payments and records information in QuickBooks.

The treasurer reviews all bills and signs checks of less than \$2,500. All checks of \$2,500 or more must be signed by two of the three official signers. The official signers are the treasurer, the president and the vice-president of the board of trustees.

Before each board meeting the bookkeeper provides a Warrant Report for review by the trustees. The Warrant Report lists all bills that were approved and paid during the previous calendar month. At the meeting, the board will vote to approve the Warrant.

Receipt of Funds

Upon receiving funds in the mail, the library director gives the funds for deposit to the treasurer. The treasurer deposits the funds and the bookkeeper records the receipt of

funds in QuickBooks. Although the trustees and the Friends have separate designated funds, there is not a separate nonprofit [501(c)(3)] designation for the Friends, so bank accounts are shared.

Records of donations are given to trustees maintaining and using the database, including members of the Development Committee.

Any donations via PayPal or other online platforms are monitored by the library director and shared with the fiscal officer, the bookkeeper, and the treasurer who will share the information with the Development Committee and others who assist with the technology or who help with fundraising.

Petty Cash and Cash Collected at the Circulation Desk

The library director is the custodian for the library's petty cash fund and the director shall administer and be responsible for the security of the funds and the control of disbursements. The maximum amount of the petty cash fund is \$80.

Petty cash is utilized for minor purchases of materials, supplies or services that require immediate payment. All disbursements from the petty cash fund must be supported by receipts and reconciled by the library director periodically as replenishment is needed and at year's end.

All cash collected at the circulation desk for donations and for copies and faxes, will be counted by at least two people, usually the bookkeeper and the treasurer.

Wire Transfer / Online Banking

To facilitate efficient banking and payment of invoices, while ensuring accuracy and segregation of duties in order to prevent fraud, the Claverack Free Library has established the following wire transfer and online banking policy.

The treasurer and the bookkeeper shall have access to the library's bank accounts online. Both can view and print statements and records.

Electronic funds transfers can be set up for payment of payroll, payroll taxes and other related payroll charges such as unemployment insurance and worker's compensation and disability insurance. The treasurer sets up the payments related to payroll, with review by the bookkeeper and the trustees.

Electronic funds transfers can be made to vendors with recurring invoices, such as National Grid, Mid-Hudson Cable, Brodart and the library credit card. The library director approves the payments, the bookkeeper sets up the online transactions and the treasurer logs on separately to finalize the transmission.

Audit / Review Schedule

At the end of each fiscal year the Claverack Free Library will have an accounting firm perform a review of the library's financial statements for the year. The firm's report will be shared with the trustees and posted on the library website.

Every five or six years, or whenever the trustees deem it appropriate, the library will undergo an audit.

Every five years, the library will request bids for the review or audit.

Fund Balance / Reserve Funds

Per guidelines shared at an October 2019 Mid-Hudson Library System workshop led by Rebekkah Smith Aldrich, there should be a capital fund associated with the library facilities plan. MHLS recommends that libraries designate 10% of their annual budget for contingency funds. The funds received via a 414 vote can be used for the contingency funds.

To help ensure financial stability and to set aside funds for future projects or expenditures, the Claverack Free Library will maintain reserve funds.

The Board of Trustees will approve the establishment of reserve accounts and transfers into a reserve account. In addition, they will approve the use of reserve funds and any transfer of funds out of a reserve account.

Funds in reserve accounts are to be used in case of a shortage in the operating account or for unexpected or emergency expenditures. Reserve accounts may also be used to accumulate funds for future capital improvements.

Investment Policy

The objectives of the library's investment policy are to safeguard funds, to minimize risk, to ensure that cash is available when required, and to ensure a competitive rate of return.

The treasurer is authorized to deposit all funds, including reserve funds and proceeds of obligations, in savings accounts, certificates of deposit, checking accounts and money market accounts. Deposits shall be made in and through local or regional financial institutions whenever possible. Diversification of deposits is encouraged. All deposits will be fully secured by the insurance of the Federal Deposit Insurance Corporation.

Note: The library has two trust accounts, the Trust Under Will of Arthur LeGrand Doty which is held by U.S. Trust, and the Trust Under Will of Julia M. Cole which is held by Key Bank. The library receives the income from the trust accounts and the library has no control over the investments in the trust accounts.

Computer Use

The Claverack Library deems safety as a priority, including online fiscal security. The library computer used for finances and for the donor database will be used only for library business. For instance, the only email accessed with the computer will be library accounts such as treasurer@claveracklibrary.org and the only websites visited will be those directly related to library payments and receipts. The computer will not be used for personal email or for non-library business.

The computer is wired on a non-public line. The library has a computer safety policy which requires filters for spam and phishing on all computers. In addition, an antivirus protection program, such as Norton, is used to further protect information stored on the computer used for the finances of the library and the donor database of the library.