Financial Controls Policy

Introduction

Maxwell Memorial Library (the "Library") is an Association Library primarily funded by voter-approved tax dollars. Each May, residents of the West Genesee Central School District vote on the Library's annual budget, which appears as a separate item on the same ballot as the school district budget. This process is authorized under New York State Education Law §259. Once approved, over 90% of the Library's annual income is collected by the school district on the Library's behalf and disbursed annually. Each approved budget serves as an annual appropriation until modified by a future vote, providing a consistent base of public funding for Library operations. Additional revenue comes from state aid, as well as grants, donations, fundraising, and investment income.

The Board of Trustees serves as the governing authority of the Library and is responsible for fiscal oversight. As stewards of the Library's public and private funds, the Board has adopted the following financial policies and internal controls to ensure core services are maintained and the Library's mission is achieved and to foster transparency and maintain accountability.

Governance and Financial Oversight

The Library's Board of Trustees carries out its financial oversight responsibilities through methodical procedures including strategic planning, budget review, and internal financial controls. The Board works in collaboration with the Library Director and relevant Board committees to fulfill its governance role.

1. **Strategic and Budget Oversight**
    - The Board of Trustees, in partnership with the Library Director, sets the Library's short- and long-term strategic goals.
    - The Library Director, with input from staff and the community, prepares a draft of the annual operating budget.
    - The Library Director presents the proposed budget to the Finance Committee, chaired by the Treasurer, for review and recommendations.
    - The Director and Treasurer present the recommended budget to the full Board of Trustees.
    - The Board of Trustees reviews, finalizes, and votes to approve the budget to be presented to the public.

2. **Financial Review and Authorization**

The Board of Trustees designates:

- The Library Director to audit and approve claims for payment.
- The Library Director and Treasurer to regularly review accounting records, bank statements, check images, and financial reports.
- The President, Vice President, Treasurer and Library Director as authorized signatories on all Library bank accounts.

The Library maintains strong internal controls through segregation of duties and adherence to its Conflict of Interest Policy. Trustees and staff are required to disclose possible conflicts and recuse themselves.

All financial records are available for review upon request by the Board of Trustees.

Accounts and Investments

The Library's financial accounts and how they are handled responsibly are outlined in the Library's statement of Investment Policy. This statement outlines the investment policy, objectives, and constraints of these accounts and ensures the Library can cover daily operating expenses, plan for future projects, respond to emergencies, and maintain long-term financial health. The Board of Trustees oversees these funds in partnership with the Library Director.

Procurement Policy

This policy outlines the Library's procedures and responsibilities related to the purchase of goods and services. It ensures compliance with applicable laws and promotes responsible financial management. As an association library, the Library is not subject to public works contracts or prevailing wage requirements.

- The Library Director is responsible for purchasing goods and services within the budget guidelines adopted by the Board of Trustees.
- The Library Director is authorized to spend up to $5,000 per transaction at their discretion, provided such purchases are within the approved budget.
- The Library Director may exceed the $5,000 limit for the following recurring or contractual payments:
    - Annual contracts
    - Insurance premiums
    - Employee benefits
    - Payments to the Onondaga County Public Library System
- Purchases exceeding $5,000 (excluding those listed above) require prior direction or approval from the Board of Trustees.
- The Board may require three estimates or quotes before approving such purchases.
- Estimates must conform to provided specifications unless the Board formally waives those requirements.
- Contracts will generally be awarded to the lowest responsible bidder who meets all specifications. The Board reserves the right to reject any or all bids for any reason.
- In emergency situations where time is a critical factor, the Library Director (or designee) is authorized to make necessary purchases without soliciting bids or alternative

proposals. Such purchases shall be reported to the Board as soon as possible.

Claims Audit and Payment Policy
This policy outlines the Library's procedures for the submission, verification, review, and payment of claims. The process is designed to ensure financial accountability, safeguard Library assets, and comply with legal and ethical standards.

1. **Submission and Verification of Claims**
    - All claims (bills or invoices) must be dated and initialed by the employee responsible for the purchase.
    - Claims must be submitted with appropriate supporting documentation, such as purchase orders, packing slips, or order confirmations.
    - Claims are verified by the Library Director, ensuring completeness, accuracy, and compliance with procurement and budget policies.

2. **Payment Processing**
    - Checks are prepared by the Library Director and require approval and signature by a designated authorized signatory (President or Treasurer).
    - Payments may also be made via ACH or other electronic funds transfer (EFT) methods. Please see the next section for our Online Banking and Wire Transfers Policy.
    - Recurring monthly claims such as salaries and wages, employee authorized payroll deductions for benefits, and debt service may be paid by recurring automatic deductions. These transactions are reviewed periodically by the Library Director.

3. **Responsibilities and Board Oversight**
    - The Library Director is responsible for:
        - Compiling a monthly Summary of Claims, which includes a list of all payments made in a given month, including EFT and check payments. At the end of the month, this is given to the Treasurer.
        - Weekly payment of claims using QuickBooks to prepare and distribute payments
        - Maintaining full documentation for each claim
        - Training staff in proper claims submission procedures
    - The Finance Committee of the Board, chaired by the Treasurer, reviews the Summary of Claims monthly.
    - The Treasurer presents Statements of Activity, including Balance Sheet, Income Statement and a Profit & Loss Statement, comparing monthly budget to actuals, to the entire Board of Trustees for approval at each regular monthly Board meeting.

Online Banking and Wire Transfers
This policy outlines the procedures and responsibilities related to online banking, wire transfers,

and electronic funds transfers (EFTs), including Automated Clearing House (ACH) transactions, conducted on behalf of the Library. This ensures we are promoting efficient financial operations, while requiring strict controls to ensure transparency, accountability, and security.

1. **Access and Security**
    a. The Library Director is responsible for opening and managing all online financial accounts used to conduct Library business.
    b. No staff member may open an online financial account without the prior written authorization of the Library Director.
    c. The Library Director manages all usernames, passwords, and security credentials associated with online financial accounts.
    d. Online account credentials must be stored securely and updated as needed to maintain security, especially following staff transitions.

2. **Authority to Conduct Electronic Transfers**
    The Library Director is authorized to:
    - Enroll the Library in online banking services and enter into ACH and EFT agreements.
    - Initiate and execute electronic payments, including EFT and ACH transactions, in compliance with all applicable laws and this policy.
    - Approve and oversee all payroll-related electronic transactions, including:
        - Authorizing the Library's payroll service provider to disburse payroll and remit payroll taxes and benefits.
        - Managing the Library's enrollment in New York State tax systems.
        - Receive electronic deposits into Library accounts from federal, state, and county agencies, as well as from vendors, payment processors or other sources.

3. **Oversight and Reporting**
    - The Board of Trustees designates the Library Director to manage and oversee all electronic banking activity, including ACH transactions, EFTs, and incoming electronic deposits.
    - The Library Director is responsible for ensuring compliance with this policy and applicable laws and regulations.
    - All electronic financial activity is reported to the Board of Trustees as part of the monthly financial report delivered at regular Board meetings.
    - Supporting documentation for each transaction must be retained by the Library Director and made available for review upon request.

Credit Cards and Petty Cash

This policy governs the use of credit cards and petty cash at the Library, including cash collected at the circulation desk. Its purpose is to ensure secure handling of funds, accurate recordkeeping, and appropriate oversight of small-scale or time-sensitive purchases.

The Board of Trustees shall appoint the Library Director to be the custodian for the Library's credit cards and petty cash. The Director is responsible for the security of the funds, control of disbursements, and compliance with this policy.

1. **Credit Cards**
   Credit card accounts are maintained in the name of the Library for use by designated employees as determined by the Library Director and/or the Board of Trustees. All credit card use must:
   - Be limited to Library business
   - Be documented with itemized receipts submitted to the Library Director in a timely manner

   Personal purchases are strictly prohibited.

   Additional credit card accounts may be opened by the Director with approval of the Board of Trustees.

   Lost or stolen credit cards must be reported immediately to the Library Director and to the issuing bank.

2. **Petty Cash**
   The Library maintains a petty cash fund of under $50, used to reimburse staff for the purchase of materials, supplies, or services that require immediate payment.

   This fund may also be used to:
   - make change for transactions at the circulation desk
   - refund lost money from vending or copy machines
   - make purchases under $50

   All disbursements from these funds must be supported by:
   - receipted bills or documentation of the expenditure
   - brief statement of the purpose of the expense

   Receipts and cash on hand must always total the authorized fund amount. A reconciliation of the petty cash fund will be performed at the end of each fiscal year, and may be reviewed periodically by the Finance Committee or the Board of Trustees.

Cash Receipts Policy and Procedures
Library staff and the Board of Trustees have a fiduciary responsibility to the taxpayers of West Genesee Central School District for all monies collected by the Library on a day-to-day basis. It shall be the policy of this Library to maintain and ensure the security and accountability of all funds collected by library personnel.

- The only individuals authorized to collect funds for the Library from the general public during normal business hours are library staff and trustees.
- All cash received at the front desk will be added to a “Cash Receipt Log” Google Sheets by the Library Director. This includes Donations & Gifts, Copying and Printing Fees, Fines, Fundraising Money and Book Sales. The Cash Receipt Log is shared with the Accountant and the Treasurer.
- All cash received from tax levies, New York State, Grants, Interest and Miscellaneous will also be added to the Cash Receipt Log by the Library Director.
- The Library currently receives payments by cash or check only. Credit cards cannot be processed by the Library, however fines and fees may be paid online through the Onondaga County Public Library catalog with a credit card.
- All cash and checks are kept in the locked drawer in the Library Director’s desk.

Professional Development and Reimbursement Policy
Maxwell Memorial Library supports staff participation in professional development opportunities, such as workshops, conferences, meetings and webinars that are relevant to the employee’s job responsibilities or professional growth.

- All participation must be approved in advance by the Library Director.
- The Library Director may approve full or partial registration fees, including travel and overnight accommodations, depending on the budget.
- Food, beverages and other additional purchases will not be reimbursed.
- In order to be reimbursed, any approved expenses must be submitted with itemized receipts to the Library Director within two weeks of the staff member’s return.
- Expenses without receipts will not be reimbursed.
- At the discretion of the Library Director, employee participants may be asked to share highlights or lessons learned at a future staff meeting.

Audit and Financial Review
An independent audit supports financial transparency, regulatory compliance, and accountability to the public. This policy outlines the responsibilities and timeline for conducting the Library’s audit and related financial reporting.

1. **Audit Process**
    - An independent auditor is engaged at least once every five years to review the Library’s accounts and financial statements.
    - The audit typically begins following the conclusion of the Library’s fiscal year, September 30.
    - The Library Director works closely with the auditor, providing access to all relevant financial documentation, including:
        - Bank and investment statements
        - Year-end reports
        - A summary of restricted and unrestricted fund activity
        - Payroll and benefit records as requested
2. **Board Review and Approval**

- Once the draft audit is complete, it is submitted to the Board of Trustees for review and discussion.
- Following Board approval, the final audit report is used to complete the Library's annual tax filing and any required local, state, or federal reports.
- If any delays occur that may affect timely filing, the auditor is responsible for submitting a filing extension on the Library's behalf.

Inventory of Assets
The Library maintains an inventory of its physical assets to support financial oversight, insurance coverage, and responsible property management. This inventory helps ensure accountability, supports planning and budgeting, and provides a foundation for decisions related to repair, replacement, or disposal.

The asset inventory includes computers, technology equipment, furniture, and other durable items purchased or acquired by the Library.

Library materials (books, media, etc.) are tracked separately through the Library's cataloging system and are not included in this asset inventory.

The Library Director is responsible for maintaining the inventory of assets.

Disposition of Surplus Goods
It is the policy of the Library to dispose of library materials, equipment and furnishings that are no longer functional or useful. All disposal of surplus property must be conducted in an environmentally responsible, fiscally sound, and transparent manner.

- The Library Director is responsible for identifying surplus property and determining the appropriate method of disposal.
- No individual staff member may dispose of Library property without prior authorization from the Director.
- Items may not be discarded or removed from Library property for personal use or gain. Disposal of Library property for individual benefit is strictly prohibited.
- Disposal may take the form of:
    - Donation to nonprofit organizations or other libraries
    - Sale at public events
    - Recycling or appropriate waste removal
- Disposal must comply with local, state, and federal regulations, and should aim to minimize environmental impact whenever possible.

Approved May 18, 2026 by the Maxwell Memorial Library Board of Trustees.