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DRAFT FINANCIAL CONTROLS AND PURCHASING POLICY

Adopted: Month, DD, YYYY

Last Revised: n/a

Reason for Policy

To ensure, transparency, accountability, and the stewardship of tax-revenues and donated funds, the full life-cycle of any financial transaction at the Branch District Library (BDL) must have multiple people engaged in oversight. The policy of the BDL Board of Trustees is to acquire services, materials, and supplies at a minimum possible cost in most cases, understanding that the best interests of the Library and its users sometimes trumps the lowest cost.

Ordering/Making Purchases

1. Any purchases made must be in alignment with the Library's [Mission Statement](#), the budget adopted by the BDL Board of Trustees, and applicable state law. The Director implements the budget, delegating purchasing authority as needed.
2. Only those authorized to order materials or make purchases may do so. Typically, this authority is reserved for Branch Managers, the Library Management Team, and Bookkeeper. Other Library staff may be authorized by those listed above to purchase materials or supplies on a case-by-case basis.
3. Purchases may not be made outside one's area of responsibility; i.e., a purchaser of children's materials may not purchase software and the IT department does not buy children's books, etc.
4. It is the responsibility of all purchasers to verify there is room in their portion of the operating budget to support the purchase before ordering. It is the responsibility of the Director and Bookkeeper to verify adherence to the budget throughout the year.
5. Outside of typical expenses for materials and programming, additional expenses by authorized parties must be approved by the Director before ordering.



BDL ADMINISTRATIVE OFFICES

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6. Only the Director may sign purchase orders, and negotiate or enter into contractual agreements.
7. The Director may authorize purchases up to \$5,000 from the general fund, or \$2,000 from other funds, without seeking competitive pricing quotes. Any greater amounts must be brought before the Board for approval, excluding purchases of an emergency nature. Such emergencies may arise as a result of an accident or other unforeseen occurrence which could affect the life, health, welfare, or safety of the Library users, employees, or property. The Director shall make available to the Board, upon request, the price quotations or competitive bids obtained from vendors for goods or services.
8. In selecting a vendor, product, or service, purchasers must consider:
 - A. Price
 - B. Quality of product/service
 - C. Suitability of product/service to the Library's priorities
 - D. Conformance of the product or service to industry standards and best practices
 - E. Past performance
 - F. Vendor reliability
 - G. Vendor proximity
9. Purchasing shall not be based upon political or personal influence of the vendor upon any BDL Trustee or any personnel of the Library.
10. It is the responsibility of the Director to administer these purchasing procedures.

Payment Authorization

1. Bills for authorized purchases should be sent to the Bookkeeper in a timely manner in the format or method determined by the Director.
2. As bills come in, the Bookkeeper will assign a code to them from the chart of accounts and either prepare them for the accountants to issue checks or log ACH transactions in the month-end report for the accountants to review.
3. Before being sent to the accountants, the Director or Assistant Director will inspect the bills, verify the account codes, and indicate their approval. Whenever possible, the

authorizing party should be different from the party who placed the order or who will be signing the resulting checks.

4. If a payment is made to the Director, the Assistant Director must be the one to authorize, and vice versa.
5. The Director will notify the BDL Board President when any payments other than regular wages are made to the Director.
6. The accountants are the final step in oversight before checks are issued. They look for anomalies in amount, account codes, payees, etc., before they log the bills into our financial statements and issue checks.

Check Signing

1. Authorized check signers for BDL are:
 - A. The BDL Board President
 - B. The BDL Board Vice President
 - C. The BDL Board Secretary
 - D. The Director
 - E. The Assistant Director
2. A check signer may not sign a check to themselves.
3. When checks are delivered from the accountants, the signer will compare the finished checks to the bills sent to the accountants before signing, and will sign the checks only if everything matches. Whenever possible, the person signing should be different from the person who authorized the payments to be processed.

ACH Transactions

1. Bill payments may be made directly from BDL's bank account via the Automatic Clearing House (ACH) method when appropriate.
2. Regular, ongoing bills, like utilities, may be paid via ACH with no additional approvals needed.
3. All other ACH transactions require authorization from the Director or Assistant Director before initiation.

4. An explanation of ACH transactions must be included in the month-end report to the accountants.

Point of Sale Terminals /Cash Drawers

1. On a daily basis, Library staff at each branch will start the cash drawer, verifying the proper starting cash is present, and alerting the Bookkeeper if there is any deficiency.
2. On a daily basis, Library staff at each branch will close out the drawer, ensuring that:
 - A. Starting cash is maintained, alerting the Bookkeeper if there is any deficiency
 - B. Excess cash is turned in to the Bookkeeper.
 - C. Automatically-generated register reports are initialed and turned into the Bookkeeper at least weekly.
3. At least bi-weekly, the Bookkeeper will reconcile and verify the branch cash drawer reports and share with the Director or Assistant Director.

Deposits

1. At least once a month the Bookkeeper will prepare a bank deposit.
2. Before the deposit is made, the Bookkeeper will present to the Director or Assistant Director for approval the deposit slip, check copies, and the cash register reports.
3. The Bookkeeper will send the accountants copies of all deposit receipts at month end, where they will log everything into our financial statements and check for anomalies.

Month-End Reports

1. The Bookkeeper prepares month-end reports for the accountants.
2. The accountants are the final step in oversight before they reconcile reports from the Bookkeeper with our bank statements and integrate them into the monthly financial statements.
3. Monthly financial statements must be examined by the BDL Board of Trustees and the Director.

Step Increases/Pay Changes

1. At least one pay period before a step increase is reached by an employee per the guidelines in the BDL *Employment Handbook*, the Bookkeeper will inform and seek authorization from the Director. The Bookkeeper will send a change request in writing to the accountants.
2. Change requests for step increases, or any other pay rate changes for any employee, must be based on the Board-approved pay scales or employment agreements, signed by the Director, and sent to the accountants by the Bookkeeper.
3. The Bookkeeper will notify the employee when they can expect to receive pay at their new rate.