

Financial Policy

Baldwin Public Library Birmingham, MI

The BALDWIN PUBLIC LIBRARY (Library) fiscal year will be the first day of July to the last day of June.

- I. **LIBRARY BOARD OF DIRECTORS' RESPONSIBILITY:** The financial resources of BALDWIN PUBLIC LIBRARY are the responsibility of the Baldwin Public Library Board of Directors (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 and Purchasing Guidelines of the Library to ensure the financial integrity of the Library.
- 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 to the Board for approval at least 30 days prior to submission to the Birmingham City Manager in accordance with the City's budget cycle. 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 and within the parameters of the Charter, 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 treasury of the City to the credit of the Library Fund. The City will keep the Library Fund separate and apart from other monies of the City and the Treasurer will disburse only upon properly authenticated vouchers or other Library authorization by the Board in compliance with the Charter and all applicable state laws. All checks for expenses will be issued by the City of Birmingham's Finance Department in accordance with its rules and procedures.

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. The Director will report, at least quarterly, any significant findings to the Board. 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 appointed by the City of Birmingham.
- 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.
- C.** The Library credit cards will only be used for appropriate Library business, and all uses will be appropriately documented. The Library credit card will not be used for non-Library related expenditures. A copy of the monthly statement will be included with each monthly Board packet along with the monthly reports that are provided to the Board in the voucher list.
- D.** Staff purchases will be made only with a properly authorized Request to Purchase form signed by the Director or an authorized Purchasing Agent authorized by the Director to sign Request to Purchase forms in accordance with the Purchasing Guidelines. 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 \$6,000 over the Contract life or for more than one year. The Board must approve all other Contracts having a cost in excess of \$6000. 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.
- 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 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 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 \$1500 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 and the City Charter and 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 or in the absence of the Director, an Associate 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 will serve as

Purchasing Agent with 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 Associate Directors 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.
- 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.
- N.** All purchases made under a cooperative program with another governmental entity, including, but not limited to, the City, another public library, a library cooperative, Oakland County 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.