

## Financial Management Policies Table of Contents

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## Policy 2-1. Accounting System

*Adopted 10/19/2017*

The accounting system of Josephine Community Library District (JCLD) shall be designed specifically to:

1. Assemble information on all finance-related transactions and events.
2. Provide the ability to analyze all data collected.
3. Classify data according to the chart of accounts.
4. Record data in the appropriate books of accounts.
5. Report data to management and outside parties in an appropriate format and in a timely manner.
6. Maintain accountability of assets.
7. Retain data according to the State of Oregon's retention schedule for special districts.

The accounting system shall include journals and ledgers with sufficient detail to produce reports in accordance with generally accepted accounting principles for Oregon municipal corporations and in accordance with Oregon Budget Law.

## Policy 2-2. Control Policies and Procedures

*Adopted 10/19/2017*

Josephine Community Library District (JCLD) follows these policies and procedures to ensure control and an effective accounting system:

1. All financial transactions shall conform to standard accounting procedures and Oregon Revised Statutes and Administrative Regulations (ORS).
2. All transactions are authorized properly.
3. Duties are segregated. As much as is practical, no single individual should be able to perform these three duties:
  - a. authorize a transaction,
  - b. record the transaction in the accounting system, and
  - c. take custody of the assets resulting from the transaction.
4. Accounting records and documentation are designed and maintained properly.
5. Access to assets and records is controlled.
6. Accounting data is reviewed periodically and compared to underlying records by persons independent of the custodians of accounting records and persons who approve transactions.
7. All financial records are retained and secured in accordance with ORS and the district's Record Retention Policy.
8. Records no longer required to be retained are destroyed securely in accordance with district policy.
9. Payroll records and processing are reviewed periodically.
10. Physical assets are reviewed periodically and an inventory is maintained.
11. The library director shall submit the prior month's financial report to the Board of Directors with the packet for the regular monthly meeting.
12. Financial computer systems shall be maintained in a secure environment, accessed only by documented/authorized personnel, and regularly maintained to prevent data loss.
13. Annual audits shall be performed in compliance with ORS and generally accepted accounting principles (GAAP) for governmental entities.
14. The library director and any other staff significantly involved in district financial procedures shall be required to spend a minimum of five consecutive business days per year away from their duties and with no access to the accounting system.

## Policy 2-3. Cash and Purchasing

*Adopted 10/19/2017*

*Revised 12/7/2017*

*Revised 10/18/2018*

Josephine Community Library District (JCLD) shall follow these specific policies and procedures for cash and purchasing.

### 1. Cash disbursement

- a. Check-signing authority is limited to the library director, board president, board vice-president, and one other board member.
- b. Two signatures are required on each check.
  - i. Some regularly recurring bills and payments may be paid electronically by the library director or designee.
  - ii. Bills and payments authorized to be paid electronically shall be established by board resolution.
  - iii. Invoices must be retained and reviewed by the board president or vice president.
  - iv. All electronic transactions will receive second-signer approval.
  - v. Procedures that will ensure that acceptable internal control procedures over disbursements is maintained to the extent practicable will be adopted by management and reported to the board.
- c. Authorization of payment is required by the library director or designee.
- d. Original invoices shall be attached to checks before signing.
- e. Pre-signing any check is prohibited.
- f. Blank checks are prohibited.
- g. Checks shall be numbered sequentially.
- h. The check stock shall contain security safeguards to prevent fraud.
- i. The check stock shall be secured and use shall be documented.
- j. Voided checks shall be defaced and retained in the financial records.
- k. Signature stamps are prohibited.

### 2. Cash handling

- a. Daily cash counts shall be performed.
- b. Deposits shall be performed weekly or when cash to be deposited exceeds \$1,000, whichever comes first. More frequent deposits may be required by the library director as circumstances require.
- c. Cash till control and reconciliation shall be standard policy.

**3. Bank account reconciliation**

Management shall review bank account reconciliations monthly. Reconciliations will use a proof of cash format or similar that reconciles all debit and credit differences between the bank account and the district's general ledger.

**4. Surplus funds**

Available surplus funds may be invested according to ORS with the primary consideration being the security of public funds. The primary disbursement bank account balance will be maintained at a level necessary to pay disbursements for the ensuing two weeks. All surplus funds will be kept in the district's account in the Oregon State Treasurer's Local Government Investment Pool (LGIP) until a separate policy, approved by the Oregon State Treasurer's Short Term Fund Board, is adopted by the district board.

**5. Banking**

Banking shall be conducted according to ORS and applicable accounting practices.

**6. Purchasing**

- a. Original invoices shall be required.
- b. Employees of the district shall not serve as independent contractors to the district.
- c. Employees of the district shall not accept consideration from an outside entity while performing district duties.

**7. Expenditures approval**

The Board of Directors shall approve all expenditures for supplies, materials, equipment, or any contract obligating the district in excess of \$5,000 with the following exceptions:

- a. Purchase of emergency services or materials which cannot be delayed until the next board meeting but exceed \$5,000. Such purchases must be approved by the board president and comply with ORS.
- b. Payments of monthly statements from board-approved vendors, composed of individual invoices not exceeding \$5,000, incurred while conducting regular library business such as purchasing collection materials or office supplies or paying credit statements.
- c. Regular payments on contracts that have been pre-approved by the Board of Directors.

The library director shall authorize all expenditures or contracts up to \$5,000 except contracts for legal services.

Total expenditures within a budgetary fund category (for example, Materials and Services) may not exceed the budgeted allocation of that category without prior approval of the Board of Directors.

## Policy 2-4. Credit Cards

*Adopted 10/19/2017*

The Josephine Community Library District (JCLD) library director is authorized to apply for credit cards in the name of the district. District credit cards are subject to the following restrictions and controls:

1. Only the following officials and staff members shall be listed on the district's general purchasing credit card agreements as authorized users: Library Director; and Staff explicitly authorized by the library director.
2. District credit cards shall only be used for transactions in which writing a check in advance is either difficult or would delay delivery of goods or services during a time of emergency. District credit cards also may be used to facilitate travel by employees and officials on district business. All credit card charges for employee travel or entertainment shall be subject to reporting in accordance with the Districts Employee Travel and Reimbursement Policy (an accountable plan).
3. Use of district credit cards for personal purchases is prohibited.
4. Any official or employee who uses district credit cards shall submit to the library director or designee original receipts for all purchases made as soon as practical after the purchase. Each month, the library director or designee shall reconcile the receipts submitted with the monthly credit card statements to ensure proper card usage. A standard credit card accounting report will be developed and each card user shall be required to submit this report to the library director (or designee) within three business days after month end. Credit card billing periods shall end on the last day of the month and card statement shall be paid full by bank debit upon presentation.

## Policy 2-5. Personnel

*Adopted 10/19/2017*

Employment policies shall include procedures that reasonably protect Josephine Community Library District (JCLD) assets.

1. Employment applications shall include:
  - a. A statement that false information or misrepresentation can be cause for disqualification or dismissal.
  - b. A criminal background check with candidate's written approval.
  - c. Reference checks.
2. Appropriate staff supervision.
3. Rotation of duties/cross-training.
4. Communication and confirmation of polices and ethics.
5. Employee and financial contractor fidelity coverage (bonding) is required (when applicable).

## Policy 2-6. District Assets and Capital Outlay

*Adopted 10/19/2017*

The Josephine Community Library District (JCLD) library director shall not allow district assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, s/he may not:

1. Fail to insure against theft and casualty losses to at least 80 percent of replacement value and against liability losses.
2. Subject facilities to improper use or insufficient maintenance.
3. Unnecessarily expose the district, its board, or staff to claims of liability.
4. Make any purchase:
  - a. Contrary to state statutes and regulations concerning conflicts of interest.
  - b. Of over \$500 without having obtained comparative prices and quality.
  - c. Of over \$3,000 without evaluating a balance of long-term quality and cost.
5. Fail to protect intellectual property, information, and files from loss or damage.
6. Receive, process, or disburse funds under insufficient controls to meet the board-appointed auditor's standards.
7. Fail to comply with the District's Investment Policy.
8. Fail to ensure that policies are written and implemented to ensure that Oregon Public Official Ethics Rules are followed. The district has an obligation to ensure that employees do not inadvertently violate Oregon laws concerning personal use of district property.

Capital outlay shall include expenditures on:

1. Land acquisition or improvement, including improvements and installations on the grounds.
2. Building construction, expansion, or remodeling.
3. Installation, addition, or replacement of major building systems such as heating and cooling, electrical, plumbing, and other services.
4. Shelving.
5. Depreciable equipment, which includes items that have an anticipated useful life exceeding one year, cost \$5,000 or more, retain their original shape and use, and are nonexpendable. Equipment, including nonexpendable equipment costing less than \$5,000, must be inventoried. The definition of accounting for "capital outlay" and the accounting thereof, should be part of the district's Accounting Policy.



## Policy 2-7. Surplus Property

*Adopted 10/19/2017*

The Josephine Community Library District (JCLD) library director or designee may declare property surplus that is deemed no longer useful to the district. Such property may include all tangible assets such as equipment, materials, supplies, and furniture. Surplus property shall be disposed in the following order of preference:

1. **Recycled internally.** Staff should first deem whether property has use for district purposes other than its original use.
2. **Sold or traded.** If property is deemed to have significant value, it shall be sold or traded for something of equivalent value. Property shall be sold “as is.” If property is deemed of particular use to a library, it shall first be offered for sale to other libraries in the district's consortium or in Oregon. If no other library is interested in the property, the district may offer it for sale to local nonprofit organizations. Funds received from sale of property shall be considered miscellaneous income into the fund from which the property was or would have been purchased.
3. **Donated.** If property is deemed to have little value, it shall be offered for donation if it is not cumbersome to do so. Property also may be donated rather than sold if the donation would provide significant good will benefits to the District. If property is deemed of particular use to a library, it shall first be offered for donation to other libraries in the district's consortium or in Oregon. If no other library is interested in the property, the district may offer it for donation to local nonprofits.
4. **Discarded.** Property that has no value or cannot be sold, traded, or donated shall be discarded. The district prefers to discard property with a service that recycles all or a portion of the property. Otherwise, the district shall discard property through its regular waste disposal service.
  - a. Hazardous substances shall be discarded in accordance with proper safety procedures.
  - b. Any electronic equipment that stores documents, licensed software, copyrighted material, personal information about district patrons, staff, or board members, or other sensitive information shall be erased before being disposed per this policy.
  - c. Oregon administrative rules require certain compliance with certain rules for disposal of public property.

## Policy 2-8. Contracts

*Adopted 1/25/2018*

Josephine Community Library District (JCLD) follows the Oregon Model Public Contracting Rules (ORS 279A.065) when purchasing goods and services and for construction projects, subject to the additions or exceptions provided in this policy.

### **1. Local Contract Review Board**

Except when otherwise provided in JCLD policies, the powers and duties of the Local Contract Review Board (LCRB) under the Public Contracting Code shall be exercised and performed by the JCLD Board of Directors.

### **2. Delegation of Contracting Authority**

Unless expressly limited by the Local Contract Review Board or JCLD policies, all powers and duties given or assigned to contract agencies by the Public Contracting Code may be exercised or performed by the board chair, library director, or his/her designee, including the authority to enter into emergency contract pursuant to ORS 279B.080 and 279C.320(1).

### **3. Personal Services Contracts**

Personal services shall be defined to include those services that require specialized technical, creative, professional, or communication skills or talents, unique and specialized knowledge, or the exercise of discretionary judgment, and for which the quality of the service depends on attributes that are unique to the service provider. Such services shall include, but are not limited to: architects, engineers, surveyors, attorneys, accountants, auditors, computer programmers, artists, designers, performers, and consultants. The library director or his/her designee shall have the authority to determine whether a particular service is a "personal service" under this definition.

Personal service contracts do not require a competitive bidding process. When screening or selecting a personal service contractor, the district will consider qualifications, performance history, expertise, knowledge, creativity, and the ability to exercise sound judgment. The selection is based primarily on these factors rather than price.

Unless otherwise provided in this section, contracts for architectural, engineering, photogrammetric mapping, transportation planning or land surveying services shall be awarded according to ORS 279C.110(3). A contract for architectural, engineering,

photogrammetric mapping, transportation planning or land surveying services may be entered into by direct appointment if such contract is estimated not to exceed \$45,000 in a fiscal year, or if the project described in the contract consists of work that has been substantially described, planned or otherwise previously studied or rendered in an earlier contract with the consultant that was awarded under this policy, and the new contract is a continuation of that project.

#### **4. Sole Source Procurement**

When necessary, the district's Local Contract Review Board, library director, or his/her designee may enter into a sole source procurement pursuant to ORS 279B.075.

#### **5. Electronic Advertising**

Pursuant to ORS 279C.360 and ORS 279B.055C(4c), electronic advertisement of public contracts in lieu of newspaper publication is authorized when it is cost-effective to do so. The board president, library director, or designee shall have the authority determine when electronic publication is appropriate, and consistent with the district's public contracting policies (OAR 137-47-0270(3)).

## Policy 2-9. Grants

*Adopted 3/15/2018  
Revised 10/18/2018*

Josephine Community Library District (JCLD) seeks grants to fund projects beyond the provision of the standard operations budget.

### 1. Evaluating Grant Opportunities

The library director shall inform the JCLD Board of Directors of the initiation of any new projects that will require grant funding.

The library director shall be authorized to submit grant proposals requesting up to \$100,000 providing the proposed project is within the scope of JCLD library core services, the JCLD strategic framework, or the JCLD operations plan.

JCLD library core services are to:

- a. Maintain and circulate a curated and balanced collection of catalogued books and other materials selected for a wide range of interests for adults, youth, and children in the community.
- b. Provide a pleasant experience and convenient space for library users, with trained volunteers and professional staff available for guidance in the acquisition of information.
- c. Provide access to the Internet and a variety of digital media with subsequent digital skills training.
- d. Provide special programming to encourage children's literacy.
- e. Provide adult and teen programs that encourage lifelong learning.

### 2. Grant Contracts

The library director shall be authorized to sign contracts for and accept grant awards up to \$100,000 providing that the grant-funded project is within the scope of JCLD library core services, the JCLD strategic framework, or the JCLD operations plan.

According to ORS 279A.025, grant contracts are not subject to competitive bid requirements.

### 3. Grant Funds Management

Grant funds shall be used only for the project for which the funder approved the grant.

If advance-funded or reimbursable grant funding is not accounted for in the current fiscal year budget, before the funding is expended the JCLD Board of Directors shall approve a resolution authorizing the expenditure of the grant in accordance with ORS 294.338(2).

Also before any advance-funded or reimbursable grant funding is expended, a Grant Expenditure Tracking Sheet shall be completed. This form shall detail the items, quantities, and costs of project expenses being paid by the awarded grant funds, along with the expenditure timeframe and reporting requirements.

The Grant Expenditure Tracking Sheet shall be approved and acknowledged with signatures from the library director, fiscal coordinator, and the grant project procurement lead.

Progress on the grant project and expenditures shall be tracked and reported back to the funder according to the funder's requirements.



## Policy 2-10. Budget Review and Transfers

*Adopted 7/19/2018*

Josephine Community Library District (JCLD) shall follow these policies and procedures for budget transfers:

### **General**

The Library Director monitors the adopted annual budget on a monthly basis and properly reviews the Operations, Maintenance and Administration sections of the budget.

Congruently, department heads review the budgeted line items under their supervision in such a manner as to keep expenditures within the established budget.

Department heads are provided monthly financial reports to monitor their line items, both for the current month and year-to-date. Differences are expected, but should not be considerably above or below budget. Any significant variance is noted, and an investigation conducted. Either a correction is made or substantiation is provided with a justifiable reason.

### **Realignment of Budget**

The Library Director may approve transfers between budget line items within each section of the budget, at his/her discretion. The Library Director must seek approval to transfer between the Library Services, Maintenance and Repairs, and Administration budgets.

In most instances, variances are corrected by a realignment of the budget. However, no budget line item may be increased without another line item being decreased. Budget transfers are administered in an appropriate manner and in accordance with JCLD's Financial and Strategic Plan.

### **Substantial Variances**

The Library Director reviews the variances and informs the Board of Directors when an Operations, Maintenance or Administration budget is over budget and why.

Substantial/significant changes in revenue or expenditures are investigated and substantiated by the Library Director. Action is taken to ensure corrective measures are in place.

The Library Director communicates all significant variances to the Board of Directors. Revisions which require change in planned revenues and expenditures are reviewed by the Board of Directors and the Library Director. Any necessary changes require board approval.