

Groton Public Library
Financial Management Policy

Updates and Revisions

Proposal for Discussion – October 24, 2013 Policy Committee Meeting

Approved by Board – November 12, 2013

Table of Contents

Purpose of Financial Policy.....	1
Roles and Responsibilities – Board of Trustees.....	2
Roles and Responsibilities – Library Executive.....	3
Roles and Responsibilities – Library Staff.....	3
Roles and Responsibilities – School District Treasurer.....	4
Roles and Responsibilities – Finance Officer.....	4
Fraudulent Activities.....	5
Fraudulent Activities – Board of Trustees’ Responsibilities.	5
Fraudulent Activities– Staff Responsibilities.....	6
Fraudulent Activities–Confidentiality.....	6
Fraudulent Activities–Investigation.....	6
Fraudulent Activities–Resolution.....	6
Investments and Deposits.....	7
Employee Benefits.....	8

Purpose of Financial Management Policy

The Groton Public Library Board of Trustees (sometimes referred to herein as “board” or “trustees”), as the duly elected representatives of the people residing in the Groton Central School District of Groton, New York, is legally responsible for the library’s finances and financial management.

The purpose of this financial management policy is to establish and define practices and procedures that allow the trustees to manage and safeguard public funds and library assets in a manner that is legal, effective, and transparent to all parties. It is the board’s intention to comply with all accounting regulations, standards, and legal requirements relevant to its fiduciary obligations as a governing body relying upon public funds.

This policy also defines the roles and responsibilities of the trustees, the library executive (Library Director or Manager), the library staff, and the library treasurer. It describes the existing agreement and long-time practice of relying on the Groton Central School District and its appointed treasurer to maintain custody of library public funds (a NYS public law requirement), bill and receive the library tax levy (a NYS public law requirement), process accounts payable, process payroll and all associated obligations, provide fund accounting services, and provide financial reports to the library executive and trustees.

Roles and Responsibilities

Board of Trustees

The Groton Public Library Board of Trustees is responsible for ensuring that library assets and the public funds the library receives are used in accordance with its charter from the Education Department of New York State and in a manner consistent with the aims for which the library was established. In order to meet its fiduciary obligations and provide the library services determined to be of importance to the community it serves, the board of trustees will meet the following responsibilities:

- 1) Develop an annual written budget in concert with the library executive;
- 2) Understand and exercise the duty to secure adequate funding for the library's services;
- 3) Understand and convey to the public the need to seek an increase to the tax levy when necessary;
- 4) Ensure that all legal requirements of the annual meeting for the purpose of a budget vote and trustee election are implemented;
- 5) Adopt a budget for the upcoming year and make it available to the public in a timely fashion prior to the annual meeting;
- 6) Approve or deny pay rates or salary increases for staff upon the recommendation of the library executive;
- 7) Establish an annual salary for the library executive and approve incremental increases as established in the contract agreement between the board and the executive;
- 8) Elect a trustee as finance officer annually at the reorganization meeting in July;
- 9) Implement policy on purchasing, investments, and risk management;
- 10) Approve contracts for insurance and risk management;
- 11) Approve contracts for purchase of goods or services requiring comparative quotes or competitive bidding;
- 12) Approve the disposal or sale of excess library materials and unneeded equipment or other library assets upon the recommendation of the library executive;
- 13) Monitor income and expenses in relation to the approved budget;
- 14) Approve budget transfers upon the recommendation of the finance officer or board president;
- 15) Approve the following monthly reports upon the recommendation of the finance officer:
 - a. Expenditure report (accounts payable) for payment by the treasurer
 - b. Cash receipts
 - c. Treasurer's report of bank accounts reconciliation

Library Executive (Director or Manager)

It is the responsibility of the Groton Public Library Executive to implement financial policies and procedures as established by the board of trustees. The library executive trains staff in proper handling of library assets and cash receipts.

The executive has the day-to-day responsibility of safeguarding library assets and cash receipts, purchasing materials and supplies, contracting for services, fulfilling NYS reporting requirements, and monitoring petty cash expenditures.

The executive has board-granted authority to make purchases with the GPL VISA card when it is not possible to charge necessary purchases through an account with the vendor.

On a monthly basis the executive's duties include:

- Approving and submitting payroll requests to the GSD treasurer;
- Compiling and submitting accounts payable reports to the GSD treasurer and GPL board;
- Making cash receipts deposits directly to the bank or submitting cash receipts to the GSD treasurer for deposit;
- Compiling and submitting cash receipt reports to the GSD treasurer and the GPL board;
- Requesting and receiving financial reports from and GSD treasurer for review by the GPL board

One of the executive's major responsibilities is working with the board of trustees to prepare an annual budget that meets the statutory mandates and desired outcomes of providing library services to the community. Once the annual budget has been approved by a vote of the school district electorate, the executive continually plans and monitors expenditures within the framework of the budget.

With the support and assistance of the board, the executive seeks special grant funding for additional programs and services.

The executive also initiates discussion of capital improvement needs with the board. Upon making a decision to proceed with a capital project proposal, the executive seeks funding through New York State and other possible funding sources.

Library Staff

It is the responsibility of all library staff to understand and follow financial management policies set forth by the board of trustees and procedures developed and put in place by the library executive.

All employees of the library have a duty to protect library assets to the best of their ability. Anyone who observes or has knowledge of an instance of impropriety has a duty to report it to the executive.

Groton School District Treasurer

The Treasurer of the Groton School District (GSD) is appointed annually by the Board of Education. The Groton Public Library must appoint a treasurer who is not a member of the GPL Board of Trustees. By long-standing tradition, the GSD treasurer serves as Treasurer for the Groton Public Library. In addition to having custodial responsibility for all GPL public funds, the GSD treasurer and the GSD business office fulfill the GPL's needs for fund accounting, payroll and related requirements, accounts payable (issuing checks and recording warrants), cash receipts, banking, financial reporting. The GSD treasurer and other school business office employees who have been authorized by the board of education as GSD signatories are the designated signatories for library cash disbursements.

The GSD treasurer oversees the annual tax levy and collection of school and library taxes, and authorizes the transfer of tax revenue from the tax collector account to the GPL account during the period of September through approximately November 15 each year. Taxes that remain uncollected at the end of the GSD collection period will be reported to the county treasurers' offices. The counties will pay the school district the remaining amount of the tax levy during the first quarter of the following calendar year. The GSD treasurer will then transfer the remaining amount due to the GPL fund.

The school district treasurer and other employees of the school business office are subject to and governed by the standards and policies set forth by the Groton Central School Board of Education, which include all relevant aspects of public finance law.

The GPL board of trustees achieves strong internal controls by having the clear separation of duties between the GPL executive and the GSD treasurer and business office employees.

Board of Trustees Finance Officer

The Finance Officer of the GPL Board of Trustees is a trustee who is elected annually by the board at the reorganizational meeting in July.

The finance officer has the responsibility to review all financial reports submitted by the library executive and the GSD treasurer and to make recommendations to the full report for acceptance of the reports and payment of the warrants. The finance officer assists the GPL executive as needed in financial matters and takes an active role in monitoring the revenue and expense budgets, making recommendations for budget transfers when the need arises. The officer also acts as liaison between the GPL board of trustees and the GSD treasurer. If requested by the GPL board president, the finance officer may take the lead with the executive in developing the annual budget.

The finance officer is authorized by the full board to use GPL credit card for board expenses and is also designated to have access to the GPL safe deposit box at the First National Bank of Groton.

Page | 4

Fraudulent Activities

All members of the Board of Trustees, the GPL Staff, and GSD Treasurer have a duty to ensure that they safeguard the GPL's financial assets. Fraud is the intentional act or course of deception, an intentional concealment, omission, or perversion of truth, to appropriate property (monetary and tangible) entrusted to one's care and converting it to one's own use. Willful fraud is a criminal offense and will be treated as such. GPL has a "zero tolerance" policy on fraud. It is every GPL employee's responsibility to act in an ethical manner at all times. The following is an example list of actions that constitutes fraud:

Examples of Fraud:

- Theft of cash, securities, merchandise, equipment, supplies, or other assets
- Unauthorized use of GPL's employees, property, credit cards, phones, or other resources
- Submission of personal or fictitious employee expenses for reimbursement or fictitious or inflated vendor invoices or payroll records for payment
- Receiving kickbacks or other unauthorized personal benefits from vendors or others
- Forgery or fraudulent alteration of any check, bank draft, statement, billing, record, form, report, return, or other financial document
- Intentional material misclassification or misrepresentation of revenues, expenses, costs, or other data in financial statements, reports, regulatory returns, applications, or other communications
- Intentional failure to disclose material related party transactions, noncompliance with lender requirements or donor/grantor restrictions or other required disclosure matters
- Intentional improper use or disclosure of confidential donor, patron, employee, or organization proprietary information
- Any other illegal or unethical activity

Board of Trustees Responsibilities

The Board, with the assistance of the Library Executive or GSD Treasurer (when appropriate), is charged with the following responsibilities.

- Creating, demonstrating, and maintaining a culture of honesty and high ethics by setting the "tone at the top". This includes a "zero tolerance" for unethical behavior and communicating it to all employees and volunteers of the GPL.
- Regularly assessing fraud risks (including management fraud) and related risks that may occur within the GPL. This includes monitoring the appropriate policies, procedures, and controls designed to mitigate or eliminate the risk of fraud and abuse.
- Insuring that employees and volunteers be alert to warning signs of fraud and unethical behavior and providing a system to report such matters.

- Insuring regular audits of the GPL's financial records.

Staff Responsibilities

It is the responsibility of every GPL employee, Trustee, GSD Treasurer, and Volunteer to report, preferably in writing, discovered or suspected unethical or fraudulent activity immediately to the Library Executive or Board Financial Officer.

No reporting party who in good faith reports such a matter will suffer harassment, retaliation, or other adverse consequences. Any GPL employee, Trustee, GSD Employee, or Volunteer who harasses or retaliates against a party who reported such a matter in good faith is subject to discipline up to and including termination of employment. Additionally, no GPL employee, Trustee, GSD Treasurer, or Volunteer will be adversely affected because they refuse to carry out a directive which constitutes fraud or is a violation of state or federal law.

Any allegation that proves to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Discovered or suspected matters can be reported anonymously or on a confidential basis. Anonymous allegations will be investigated, but consideration will be given to seriousness of the issue, its credibility and the likelihood of confirming the allegation from other reliable sources. In the case allegations made on a confidential basis, every effort will be made to keep the identity of the reporting part secret, consistent with the need to conduct an adequate and fair investigation.

Allegations will not be discussed with anyone other than those who have a legitimate need to know. It is important to protect the rights of the person(s) accused, to avoid damaging their reputation should they be found innocent and to protect GPL from potential liability.

Investigation Procedures

The Board President and Financial Officer and/or other person(s) designated by the Board of Trustees will investigate all allegations on a timely basis. The investigation may include but is not limited to examining, copying, and/or removing all or a portion of the contents of files, desks, cabinets, and other facilities of the GPL without the prior knowledge or consent of any individual who may use or have custody of such items or facilities when it is within the scope of the investigation.

The reporting party must not attempt to personally conduct investigations, interviews, or interrogations to the alleged fraudulent activity.

Resolution Procedures

The results of the investigation will be reported to the Board of Trustees. Actions taken against the perpetrator of alleged fraud will be determined by the Board in consultation of legal counsel.

Investments and Deposits

Scope

This policy applies to all monies and other financial resources available for investment by the Groton Public Library, including operating funds, reserve funds, and trust funds.

Objectives

The primary objectives of the library's investment activities are, in priority order:

LEGAL: to conform with all applicable federal, state, and legal requirements;

SAFETY: to adequately safeguard principle;

LIQUIDITY: to provide sufficient liquidity to meet all operating requirements; and

YIELD: to obtain a reasonable rate of return.

Delegation of Authority

The Board of Trustee's responsibility for administration of this investment policy shall be delegated to the Board Finance Officer and the GSD Treasurer, who shall act in accordance with the provisions of Section 39 of General Municipal Law and the guidelines of this policy.

Prudence

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Groton Public Library.

Internal Controls

All monies collected by any officer or employee of the Library shall be transferred to the GSD Treasurer as possible, who will be responsible for establishing and maintaining an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss, and that transactions are properly authorized, executed, and recorded.

Standard for Authorized Financial Institutions and Collateral for Deposits

All other aspects of managing Library investments and deposits are subject to GSD policy #5220, which provides the framework for the Library policy and establishes the parameters under which the GSD treasurer managements library and school district funds.

Funding Employee Benefits

Health Insurance

When a GPL employee is entitled to health insurance benefits as provided in the board's personnel policy, the coverage is purchased through the Groton Central School District Health Insurance Plan. The library reimburses the school district for the total cost of the plan. The GPL Board establishes the level of contribution (if any) that the employee will pay through payroll deduction.

New York State Employees' Retirement System (NYSERS)

All library employees are entitled to join the NYSERS, but only full time employees are obligated to join. The GSD treasurer forwards the employee contribution share (currently 3%) to the System on a monthly basis. The employer rate is established annually and is based on the level (Tier) at which each employee joins. The school district is billed on an annual basis for the employer share for each employee. The GSD treasurer will transfer the library's share of the bill from the library account to the district's account when the payment is made.

Social Security and Medicare

As a function of the payroll process, the GPL contributes the employer share cost of social security/medicare tax. This is completed through a fund transfer during each monthly or special payroll processing completed through the school district.

