

## HENDRICK HUDSON FREE LIBRARY FINANCIAL CONTROLS POLICY

### Procurement Policy

The goal of the Board of Trustees is to procure goods and services in a manner as to assure the prudent and economical use of public monies in the best interest of the taxpayers; to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances; and to guard against favoritism, improvidence, extravagance, fraud and corruption. Opportunities shall be provided to all responsible vendors to do business with the Library. Competitive bidding or estimates will be solicited if required by law, without prejudice or favoritism. Vendors whose place of business is located within the library's service area may be given preferential consideration only when bids or quotations on an item or service are identical as to price, quality, estimated time of completion and other factors relevant to the project.

The Hendrick Hudson Free Library is an Association library that is not subject to public works contracts or prevailing wage requirements, but acts in good faith to be fair in the procurement of all services.

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 single purchase at his or her discretion, acting within the budget limitations established by the Board. This does not include annual contracts, employee benefits or payments to the Westchester Library System.

When purchases of materials, equipment or supplies in excess of \$5,000 are made, the Board of Trustees will determine and direct the Library Director as to the course of action that should be taken. This may include getting multiple estimates.

No estimate for materials, equipment, and supplies shall be accepted that does not conform to specifications furnished unless specifications are waived by Board action. Unless there is compelling and substantially justifiable reason to do otherwise, all contracts shall be awarded to the lowest responsible bidder who meets specifications relating to the project. Notwithstanding this provision, the Board may choose to reject any bid for any reason.

The unintentional failure to fully comply with the provisions of General Municipal Law, Section 104-B shall not be grounds to void the action taken or give rise to a cause of action against the Hendrick Hudson Free Library or any officer or employee thereof.

The Board authorizes the Director (or designee) to purchase without bidding or securing alternative proposals or quotations for emergencies where time is a crucial factor.

## Petty Cash

The library maintains a petty cash fund of \$200 to be used to reimburse staff for the purchase of materials, supplies, or services under conditions requiring immediate payment. Receipts and cash on hand must always total the authorized fund amount. All disbursements from these funds are to be supported by receipted bills or other evidence documenting the expenditures, as well as documentation setting forth the purpose of the expenditures. This fund can be used to make change, refund lost money from vending or copy machines and for purchases under \$50. A reconciliation of the petty cash fund will be performed at the end of each month.

## Credit Card

A credit card account has been established in the name of the Hendrick Hudson Free Library. This account is for use by certain employees as determined by the Director and/or board of trustees. Cards will be issued to employees as determined by the Director and issued in the name of the employee with a maximum credit limit set by the Library Director. Any employee using the library credit card is required to submit the proper receipts/documentation of purchases made to the Business Manager in a timely fashion. The cards are not to be used for personal purchases.

## Audit Schedule

An outside audit will be performed annually and the proper paperwork will be filed with the appropriate local, state and federal agencies as required by law.

## Claims Audit and Payment of Bills Process

- Claims (bills and invoices) submitted to the library by suppliers requesting payment for goods or services are received by the Business Manager.
- These claims are verified by matching to a packing list, purchase order, online order confirmation, or other proof of order or receipt.
- A check payable to the provider will be prepared and submitted to the Director for approval and signature, who also will initial the check stub confirming authorization of the payment.
- The check is then sent to the vendor.
- Payments to vendors also can be made via online ACH payment/electronic fund transfer. In this case, the invoice is verified and the online payment receipt is submitted to the Director for acknowledgement and verification prior to the transfer of funds. In addition, prior to an electronic transfer of funds, the Library will obtain verbal verification of the account number from the vendor.
- Recurring monthly claims such as contractual commitments, salaries and wages, employee authorized payroll deductions for benefits, and debt service can be paid by recurring automatic deductions which are reviewed periodically by the Director.

- Vendors paid will be reviewed at the monthly meeting of the board of trustees. A vendor's paid list and budget report detailing expenditures will be provided to each board member monthly.

#### Disposition of Surplus Goods

It is the policy of Hendrick Hudson Free Library to dispose of library materials, furniture and equipment that is no longer functional or useful. The Library will dispose of surplus property in an environmentally and fiscally responsible manner in accordance with local, state and federal regulations. An individual may not dispose of property unilaterally. Disposal of Library property for personal gain or favor is prohibited. The Library Director is responsible for the sale or disposal of surplus materials and equipment.

#### Inventory of Assets

A catalog and digital account of the assets of the library including but not limited to computers, equipment and furniture is kept and updated as needed. A historical maintenance grid of all major equipment replacements and major capital projects is also maintained and used as a planning tool for future expenses.

#### Authority to Enter into ACH Agreements and Electronic Transfer of Public Funds

In accordance with any legal requirements of the local, state or federal law, the Library Director and Business Manager are authorized to enroll the Library in ACH Arrangements and authorized to use Electronic Fund Transactions for executing payment, debit or credit transfers which are processed through an ACH when such actions conform with this policy.

#### Responsibility for ACH Agreements

The Board designates the Library Director and the Business Manager to be responsible for ACH Arrangements and for generally overseeing compliance with this ACH Policy. EFT and ACH payment activities will be reported to the Board as part of the financial report that is delivered during each scheduled meeting.

#### Internal Accounting Controls for use of EFT and ACH Transactions

The Business Manager will submit to the Director receipts and invoices of any executed payments made by EFT or ACH for their review.

**Reporting EFT and ACH Activities to the Board:** All EFT and ACH payment activities will be reported to the Board at the next scheduled meeting following execution of such payments. These reports will be provided to the Board as part of the financial report that is delivered during each scheduled meeting.

**Paying State and Federal Payroll Taxes:** For payment of state and federal payroll taxes and other payroll liabilities, the payroll service provider has authority to make such

payments via the established Electronic Federal Tax Payment System (EFTPA) and the State of New York program. Other payroll liabilities may be made by authorized ACH agreements.

**Receiving EFT & ACH Deposits:** When Deposits from State, County, and/or Federal authorities and from third-party payment processors (e.g. banks, vendors) are received, the Business Manager shall enter the amount of the deposit in the accounting software for record-keeping purposes.

### Donation and Naming

A naming gift policy helps ensure that gifts with associated naming rights are managed in a consistent manner, and according to established guidelines. It is also designed to provide donors with equitable, consistent and appropriate recognition and stewardship for their generous support.

The Library is grateful for all appropriate and useful donations presented or offered to the Library, subject to approval of the Board. Unless otherwise agreed to by the Library, all donations are received as unrestricted funds, i.e., the Library may utilize the donation in any manner deemed appropriate by the Director and the Board of Trustees.

Donations of certain amounts may qualify for naming opportunities, for certain Library assets, as determined by the Director and Board of Trustees. All naming opportunities must be appropriate and consistent with the Library's mission and goals.

Upon receipt of full payment of the agreed upon amount for naming a Library asset, the Library will arrange a dedication ceremony at the donor's request. A plaque will be installed at or near the named area. The Library will confer with the donor with respect to the contents of the plaque, although the Library reserves the right to approve the wording, size, location and style of the plaque.

The naming of the Library asset will last for the normal useful life of the asset or 25 years, whichever comes earlier. A plaque will remain in the location in perpetuity, acknowledging the name and the donation. During that time, in the event of damage to the named asset which makes it inaccessible or unusable, the Library will consult with the donor in an effort to honor the named person in another suitable manner.

If an individual or organization after which a Library asset has been named comes into disrepute in the community, the Director may recommend to the Board of Trustees that the use of the name be discontinued.

## Fund Balance

The general purpose of this policy is to improve Hendrick Hudson Free Library's financial stability by protecting itself against emergencies and economic downturns. The policy is designed to help the Library prepare for a financial emergency and ensure the continuity of financial operations, enable realistic long-term planning, assist with effective development of annual budgets, and to promote clear communications with the general public, staff, and administration. This policy recommends the allocation of fund balance into the reserve and capital accounts as suggested below.

### Definitions

**Operating Funds** - Any expenditure necessary to meet the daily operations of the Library and any debt service payments.

**Reserve Funds** - Funds to support the operating budget in the case of unforeseen events or circumstances that require immediate action, including loss of income and non-budgeted items.

**Capital Fund** - Funds for the improvement of, and/or the addition to, the physical plant and for the purchase of furniture, fixtures, and equipment.

### Guidelines

A fund balance shall be determined by taking the unexpended portion of the fiscal year end operating budget less the designated tax equalization amount.

This fund balance amount will then be allocated 70% to the reserve fund until it reaches a minimum of 6 months operating expenses, and 30% to the capital fund.

Once the reserve fund reaches the minimum required amount, 100% will be allocated to the capital fund.

These funds shall be deposited in separate interest-bearing accounts that meet the requirements as set forth in the Investment Policy.

### Gift

The Hendrick Hudson Free Library accepts gifts under the following conditions:

- Only appropriate gifts on which the donor places no restrictions or special conditions will be accepted, unless those restrictions or conditions are specifically accepted by the Library Board of Trustees.
- Monetary gifts will be accepted for the purchase of Library materials or equipment.
- Gift materials will be judged by the same materials selection standards that apply to purchased materials.

- Gifts of Library materials (books, magazines, DVD's etc.) will be accepted with the understanding that the Library reserves the right to add them to its collection, distribute them to other libraries, sell or discard them.
- Personal property, art objects, portraits, antiques, and other collectibles with a value less than \$5,000 will be accepted only on the condition that they may be sold, given away, or discarded at the discretion of the Library Board or the Library Director. Personal property, art objects, portraits, antiques, and other collectibles with a value of \$5,000 or more will be accepted only on the condition that they may be sold, given away, or discarded at the discretion of the Library Board and the Library Director.
- Gift items will be formally acknowledged, if the donor wishes. The Library will not appraise or estimate the value of gift donations. The responsibility for such assessment lies with the donor.

## Investment

- Scope  
The Board of Trustees of the Hendrick Hudson Free Library, an Association Library (hereinafter, "HHFL"), acts as custodian of public funds. As such, there are restrictions on eligible investments.
- Objectives  
The objectives of HHFL's investment activities are to (a) conform to all applicable federal, state and other legal requirements, (b) adequately safeguard principal, (c) provide sufficient liquidity to meet all operating requirements, and (d) obtain a reasonable rate of return.
- Prudence  
The Board shall act responsibly as custodians of the public interest and seek to avoid any transaction that might impair public confidence in the ability of HHFL to effectively serve the public.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs. The Board shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair its ability to make impartial investment decisions.

- Diversification  
HHFL shall seek, when possible, to diversify its deposits and investments by financial institution, by investment instrument, and by maturity.
- Deposit of Public Funds  
Public funds shall be deposited in bank(s) authorized to do business in the State of New York. All deposits will be insured up to the current FDIC amount; to the

extent deposits are not covered by the FDIC, the funds shall be collateralized or secured by the financial institution holding such investments.

Adopted by the Library Board of Trustees 06.27.22

The following existing policies were integrated into this new policy

Donation and Naming 10.23.17

Fund Balance 05.19.14

Gifts 10.06.97

Investment 02.24.14