

Financial Management Policy



I. Accounting System

The District's accounting system 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:

1. A general ledger.
2. Subsidiary journals as necessary, including revenue, expenditures, and payroll.
3. Written documentation supporting, authorizing, and explaining individual financial transactions including invoices, bank statements, purchase orders, payroll, transfers, etc.
4. Any other data deemed necessary to prepare financial statements.

II. Control Policies and Procedures

The District 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 Oregon Law.
2. All transactions are authorized properly.
3. Duties are segregated. As much as is practical, no single individual should be able to (1) authorize a transaction, (2) record the transaction in the accounting system, and (3) 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.
7. All financial records are retained and secured in accordance with Oregon Law.
8. Records no longer required to be retained are destroyed securely.
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 Oregon Law 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 take a vacation of at least five consecutive business days.
15. Financial duties shall be rotated to staff not normally involved in financial procedures for at least a consecutive two-week period. This rotation may coincide with the Library Director and other financial staff's mandatory absence.

III. Cash and Purchasing

The District shall follow these specific policies for cash and purchasing:

1. Cash disbursement:
 - Check-signing authority is limited to the Library Director, Assistant Director, Board President, and Board Vice-President.
 - Two signatures are required on each check: the signature of the Board President or Vice-President and the signature of the Library Director or Assistant Director.
 - Some regularly-recurring bills and payments may be paid electronically by the Library Director or designee. Bills and payments authorized to be paid electronically shall be established annually by Board resolution. Invoices must be retained and reviewed by the Board President or Vice-President.
 - Authorization of payment is required by the Library Director or designee.
 - Original invoices shall be attached to checks before signing.
 - Pre-signing any check is prohibited.
 - Blank checks are prohibited.
 - Checks shall be numbered sequentially.
 - The check stock shall contain security safeguards to prevent fraud.
 - The check stock shall be secured and use shall be documented.
 - Voided checks shall be defaced and retained in the financial records.
 - Signature stamps are prohibited.
2. Cash handling
 - Daily cash counts shall be performed.
 - 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.
 - Cash till control and reconciliation shall be standard policy.
3. Management shall review bank account reconciliations monthly.
4. Available surplus funds may be invested according to Oregon Law with the primary consideration being the security of public funds.
5. Banking shall be conducted according to Oregon Law and applicable accounting practices.
6. Purchasing
 - Original invoices shall be required.
 - Employees of the District shall not serve as independent contractors to the District.
 - Employees of the District shall not accept consideration from an outside entity while performing District duties unless specifically authorized by a Board approved intergovernmental Agreement of similar contractual arrangement by the Board.
7. Vacation reserve
 - The District shall retain a vacation reserve of at least 75 percent of all employees'

outstanding vacation and holiday accrual.

8. 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:
 - 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 Library Director and the Board President and comply with Oregon Law. The Library Director will inform the District Board of the purchase at the next board meeting.
 - Purchases that exceed \$5,000 but cannot be delayed until the next Board meeting because such delay would cause unnecessary hardship or financial detriment to the District; provided, the purchase is made after approval by the Library Director and the Board President. The Library Director will inform the District Board of the purchase at the next board meeting.
 - Payments of monthly statements, 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.
 - 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 (e.g. Materials and Services) may not exceed the budgeted allocation of that category without prior approval of the Board of Directors.

IV. Credit Cards

The 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:
 - Board President
 - Library Director; and
 - Staff explicitly authorized by the Director.
2. If the District has credit cards used to purchase fuel for District vehicles, only employees who have been approved as drivers may utilize the cards.
3. 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. Any use of the credit cards comply with shall the District's Financial Management Policy and travel reimbursement procedures.
4. Use of District credit cards for personal purchases is prohibited.
5. 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.

6. The Library Director shall ensure that credit card statements are paid in full each month so that no finance charges are incurred. Copies of credit card statements shall be made available to the Board of Directors upon request.

V. Personnel

Employment policies shall include procedures that reasonably protect District assets:

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

VI. District Assets and Capital Outlay

The Library Director shall not allow 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 (1) contrary to state statutes and regulations concerning conflicts of interest; (2) of over \$500 without having obtained comparative prices and quality; (3) 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 follow state law regarding investment of capital assets in secure instruments.

Capital outlay shall include expenditures on the following:

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.

VII. Surplus Property

The 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 nonprofits 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. Unless they are considered of particular value, discarded collection materials shall be donated to the Friends of the Hood River County Library.
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.
 - Hazardous substances shall be discarded in accordance with proper safety procedures. 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.

VIII. Contracts

The District 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 District policies, the powers and duties of the Local Contract Review Board (LCRB) under the Public Contracting Code shall be exercised and performed by the District Board of Directors.
2. **Delegation of Contracting Authority**
Unless expressly limited by the Local Contract Review Board or District policies, all powers and duties given or assigned to contract agencies by the Public Contracting

Code may be exercised or performed by the Board President, Library Director, or his/her designee, including the authority to enter into emergency contract.

3. Professional Services Contracts

Professional 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.

Professional 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. 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 \$100,000.

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.

5. Electronic Advertising

The Board hereby determines that electronically providing public notice of bids and proposals is likely to be cost-effective. Instead of in a newspaper of general circulation when so authorized by Oregon law.

IX. Grants

The District seeks grants to fund projects beyond the provision of the standard operations budget.

1. Evaluating Grant Opportunities

The library director shall inform the District 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 the District library core services or the District strategic framework.

The District 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 the District library core services and/or the District strategic framework. 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.

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

Approved by the Board of Directors, March 15, 2011

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