

11 Financial Policies (7/15/19)

Every organization should have a separate financial/accounting manual for policies and procedures to ensure there are clear instructions on how financial transactions will be carried out in a consistent, timely and accurately manner. The purpose of a detailed financial policy is to ensure safe guarding of assets, the prudent management of those assets and to make certain that financial statements are prepared in conformity with GAAP (Generally Accepted Accounting Principles).

The policies and procedures of an organization should take into consideration the internal controls necessary to properly protect the assets entrusted to the organization for the benefit of its programs. All personnel are expected to be aware of and adhere to the policies in the manual. As the policies and procedures are created they should be formulated to consider proper segregation of duties. The Regional Board formulates financial policies, delegate administration of the financial policies to the Regional Director and reviews operations and activities.

Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts; etc.

11.1 Annual Authorization of Signers (7/15/19)

The authorized signers for the organization should be approved on an annual basis, typically at the October board meeting. The authorized signers for the Southeast Arkansas Regional Library system consist of an elected treasurer, an alternate signer from Drew County and the Regional Director. The authorization is passed onto each financial institution that holds funds for the organization. All checks larger than \$1000.00 will have two signatures, either by the Board Treasurer, the Board alternate, or the Regional Director.

11.2 Cash Receipts (includes checks) (7/15/19)

The organization needs to have a clear plan as to how cash will flow through the agency and be accounted for appropriately. The cash receipts of the organization are a critical function. Cash should be secured from the moment of receipt until it reaches the bank.

Procedures for handling cash receipts are as follows:

1. The Regional Director opens any mail addressed to the Southeast Arkansas Regional Library or without specific addressee. The receipt of checks or cash will be immediately forwarded to the Office Administrator and recorded in the accounting system.
2. The Office Administrator will endorse all checks by rubber stamp to read as follows:
Organization Name, Organization Address, FOR DEPOSIT ONLY
3. Receipts and deposit slip will be placed in a bank bag for the appropriate bank and will be taken personally to the bank.

11.3 Cash Disbursements (7/15/19)

Check Authorization

1. All invoices will be immediately forwarded to the Regional Director who will review all invoices for mathematical accuracy, validity, conformity to the budget (or other board authorization) and compliance with bid requirements.
2. Prior to payment, all invoices will be approved (indicated by initialing) by the Regional Director, who will stamp date received and will code the invoice with the appropriate expense account line item.
 - a) By approving an invoice, the Regional Director indicates that it has been reviewed and authorizes a check.
 - b) The Office Administrator will ensure timely follow-up on discrepancies and payment.
3. Approved invoices will be entered into the accounting system using the "accounts" screen.
4. The Office Administrator will prepare checks on an as needed basis.

Checks


1. The Office Administrator will be responsible for all blank checks.
2. All checks, including payroll checks will be signed only by board authorized check signers.
3. The Office Administrator will generate checks for approved invoices through the accounting system.
4. Voided checks will have "VOID" boldly in ink on the face. Voided checks will be kept on file.
5. In the event that it is necessary to issue a duplicate check for checks in an amount over \$25, a stop payment will be ordered at the bank of the original check.
6. In no event will:
 - a) Invoices be paid unless approved by the Director or authorized check signer.
 - b) Blank checks (checks without a date or payee designated) be signed in advance.
 - c) Checks be made out to "cash", "bearer", "petty cash", etc.
 - d) Checks be prepared on verbal authorization, unless approved by the Regional Director.

Bank Reconciliations

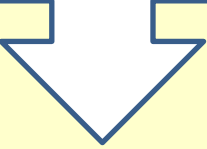
1. Bank statements will be received directly and opened by the Regional Director.
2. The Regional Director will reconcile all bank statements monthly.
3. The Treasurer of the board will receive monthly statements of checks paid on all accounts.

Example of Disbursement of Accounts Payable

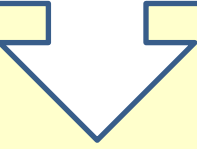
The **Office Administrator** receives all mail as it is delivered. Invoices for payment and county mileage checks are given to the **Regional Director**.




The **Regional Director** reviews the invoice and verifies its validity and accuracy. If the invoice is for purchase of goods or services, it is verified that the goods or services were received. The invoice is stamped with the date received. The **Regional Director** codes the expense by line item on the face of the invoice. The invoice is given to the **Office Administrator**.



The **Office Administrator** enters the invoice into the accounting system. Upon the date to run checks, the **Office Administrator** runs the payments through the system generating checks. The checks are compared to the invoices. The checks are given to the **Regional Director** with the invoices for his/her and final approval of payment.



The **Regional Director** gives the signed checks back to the **Office Administrator**. The **Office Administrator** notifies the **Board Treasurer or alternate check signer** that checks are ready to be signed and distributed.



11.4 Payroll (10/16/23)

Time Sheets

1. Each employee will be responsible for completing a time sheet on a monthly basis.
2. The Office Administrator will verify time worked and reported leave hours by initialing time sheets.
3. Completed headquarters personnel time sheets will be dated and signed by the employee and submitted to the Regional Director for review.
4. The Office Administrator initiates the direct deposit process in Quickbooks and prepares any payroll checks.
5. The Director will sign any payroll checks before they are distributed. Payroll checks for Subs and Temps not using direct deposit will be sent to the Branch Manager for distribution or mailed. Checks will not be issued to any person other than the employee without written authorization from the employee.
6. Any changes to direct deposit will require a new form to be completed.

Payroll Taxes

The Office Administrator will prepare and transmit the payroll taxes, W-2 forms, quarterly tax reports and 1099 forms.

11.4 Insurance (7/15/19)

Reasonable, adequate coverage will be maintained to safeguard the assets of the Regional Library. Such coverage may include Directors & Officers insurance and property.

1. The Regional Director will carefully review insurance policies before renewal.
2. The Office Administrator will maintain insurance policies in insurance files.

11.5 Leases (7/15/19)

1. All leases, clearly delineating terms and conditions, will be approved and signed by the Regional Director.
2. All leases over \$5,000 must be approved by the regional board before signing and must be renewed annually.
3. The Office Administrator will keep a copy of each lease on file.

11.7 Annual Audit (7/15/19)

It is the policy of the Southeast Arkansas Regional Library Board to engage a qualified public accounting firm/individual to conduct an independent examination of the Region's financial statements and transactions of all funds and activities at least every 3 years. An internal audit will be performed all other years.