

## Financial Policy

Passed: January 27<sup>th</sup>, 2021

### **1. Policy Objective**

- 1.1. The Lillooet Area Library Association (LALA) will use appropriate financial internal controls with the goals of maintaining accountability and financial transparency.
- 1.2. As per the BC Public Library Act, Section 40(3)(a), the LALA will prepare financial statements in accordance with generally accepted accounting principles, more specifically Accounting Standards for Non-Profit Organizations.

### **2. Application**

- 2.1. This policy applies to Lillooet Area Library Association, staff, volunteers and Trustees.

### **3. Relevant Legislation**

- 3.1. B.C. Library Act

### **4. General Financial Practices**

- 4.1. The Finance Committee is a standing committee of the Board
- 4.2. The Finance Committee will, according to its terms of reference, review the finances of the organization on a bi-monthly basis prior to each bi-monthly Board meeting
- 4.3. Unless otherwise directed by the Board, monies remaining in the budget at the end of the fiscal year are carried over to the following year for use by the library
- 4.4. The Library will ensure compliance with Provincial requirements and the submission of the annual Statement of Financial Information as per the Library Act.

### **5. Reports**

- 5.1. At each Board meeting, a financial report will be tabled, consisting of a year-to-date Budget vs. Actual Income Statement, Balance sheet, and any other back up reporting necessary as requested by the committee, report for the period completed since the last Board meeting, with an explanation of any material variances. To accomplish this Board Meetings will be held in the last week of the month.

### **6. Accounts**

- 6.1. The Library maintains distinct accounts of its revenue, expenses, assets and liabilities.
- 6.2. All invoices are reviewed and processed for payment, in accordance with the terms specified by the vendor, by the Library Director.

### **7. Revenues**

- 7.1. All monies collected or received from government funding bodies and through Library operations are incorporated into the general revenue fund of the Library, unless otherwise designated

### **8. Tangible Capital Assets**

8.1 Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the asset is amortized over the estimated live of the asset as follows: Furniture and equipment- 10 years; Technology- 5 years; Print and audiovisual materials- 1 year.

8.2 Amortization commences when the asset is put into use. Print and audiovisual materials are fully amortized in the year of purchase.

8.3. Equipment costing less than \$500 will be expensed in the year of purchase.

## **9. Petty Cash**

9.1. All funds collected are recorded in daily cash account book and reconciled daily by Branch Librarian.

9.2. Petty cash is reconciled weekly and monthly by Branch Librarian.

9.3. Income from petty cash is deposited into the bank monthly by the Library Director.

## **10. Donations**

10.1. LALA welcomes donations of materials and money.

10.2. All donations become the property of LALA.

10.3. Material donations may be accepted at the discretion of the Library Director if they are considered to further the mission and goals of LALA

10.4. Conditional gifts are welcome, if the conditions are acceptable to the Board

10.5. Donations of twenty (20) dollars or more shall receive an official receipt for income tax purposes.

10.6. Official tax receipts must be signed by the Library Director.

## **11. Signing Authority**

11.1. Signing authority shall be approved for the Library Director and three designated board members at the first regular meeting following the AGM.

11.2. All cheques and electronic transfers shall require two signatures

11.3. The Library Director, and three Board signing authorities have on-line access to the Interior Savings Credit Union (ISCU) account to view accounts, transfer funds, and pay invoices.

## **12. Agreements**

12.1. The Library may enter agreements to make regular payments by electronic transfer

12.2. The Library Director is authorized to apply for funding and enter into agreements and contracts for funding to support programs and services at the Library.

12.3. Funding applications in excess of \$25,000, or which will extend beyond the budget year must be approved by the Board before submission.

12.4. The Library Director is authorized to commit the Library contractually. Purchasing contracts that exceed \$5000, that commit the Library for longer than one year, or are non-standard or complicated must be approved by the Board.

## **13. Purchasing and Expenditures**

- 13.1. All purchases and expenditures are subject to the limits set in the annual budget approved by the Library Board and administered by the Library Director.
- 13.2. A formal resolution of the Library Board is required for any purchase not in the budget.
- 13.3. LALA is committed to fair, open and competitive purchasing, with decisions made on the basis of price, quality and availability with consideration given to local and Canadian suppliers
- 13.4. The Library may not incur any debt without the formal approval of the Board.

#### **14. Reimbursement of expenses**

- 14.1. Employees, Trustees and volunteers may be reimbursed for reasonable travel and out-of-pocket expenses necessarily incurred by them in performance of their duties.
- 14.2. Expenditures up to \$1000 for any one individual must be approved by the Library Director
- 14.3. Expenditures of \$1000 or more for any one individual must be approved by a resolution of the Board
- 14.4. Library Director expenses will be reviewed by Treasurer before reimbursement
- 14.5. Expenses guidelines are detailed in Appendix A

#### **15. Month End**

- 15.1. The Library Director will enter financial records prior to appointment with Bookkeeper
- 15.2. The Bookkeeper will prepare bank reconciliation.
- 15.3. Month end will be completed by the 15th of the following month.

#### **16. Year End**

- 16.1. The fiscal year of the Board shall be from January 1 to December 31
- 16.2. Financial statements will be prepared by a chartered professional accountant on a Notice to Reader basis for review and approval by the Board.
- 16.3. Year end financial statements will be presented at the Annual General Meeting held in late February
- 16.4. Financial statements will be presented to District of Lillooet, Squamish Lillooet Regional District and the Ministry of Education Libraries Branch.
- 16.5. Financial statements will be posted on the Libraries website.

#### **17. Banking**

- 17.1. LALA holds its money at the Interior Savings Credit Union, with a chequing account, investment savings account and term deposits.

#### **18. Record Keeping and Storage**

- 18.1. Financial Records are retained and disposed of in accordance with Records Retention Schedule, Appendix B.
- 18.2. Financial records that contain personal information, older than seven years are shredded before disposal.

- 18.3. Records containing personal information are kept in locked files, and password protected computers. The Library Director keeps keys and passwords in secure location.
- 18.4. Off-site back up of the financial computer data is maintained by the Library Director.
- 18.5. An inventory of furniture and equipment is maintained by the Library Director. A back up copy of this information is held off-site.

## **19. Annual Operating Budget**

- 19.1. Each year the Treasurer and Library Director will initiate a Budget process in August for presentation of a draft budget to the Board in September.
- 19.2. Annually, in October a 5-year budget proposal is submitted to the Squamish Lillooet Regional District by the Library Director.

## **20. Bookkeeping and Accounting Services**

- 20.1. Annually the Board will review the terms of service, including the Notice to Reader engagement with the accountant and bookkeeper. The Library Director will inform the accountant of any changes in writing.

## **21. Insurance**

- 21.1. The Lillooet Area Library Association is responsible for providing contents insurance for its three branches, liability insurance coverage for its operations and Board liability insurance.

## **22. Investments**

- 22.1. Library Funds in excess of the Library's current needs may be invested in specified funds that ensure a low-risk approach. The following are approved investment options:
- 22.2. Securities of Canada or of a province
- 22.3. Investments guaranteed by a chartered bank
- 22.4. Deposits in a savings institution and
- 22.5. Non equity or membership shares of a credit union.

## **23. Library Capital Reserve Funds**

- 23.1. A Capital Reserve Fund will be maintained and used by the Board for purchases designated as improvements to the Library not deemed to be operating expenses.
- 23.2. Access to these funds will be through a request from the Library Director to the Board detailing the planned uses. The Board may also allocate funds to support and administer fundraising campaigns to increase the Capital Reserve Fund
- 23.3. The Capital Reserve Fund will be managed by the Finance Committee

## **24. Library Operational Reserves**

- 24.1. LALA will maintain an emergency operations reserve fund not greater than 15% of the annual budget.

### Appendix A- Expenses Guidelines

Travelling expenses will be set at the current Canadian Revenue Agency rates for staff mileage.

For travel less than 24 hours, the following per diem allowance may be claimed in lieu of receipted expenses: (i) Breakfast: \$15 (ii) Lunch \$20 (iii) Dinner \$25

For travel of more than 24 hours a per diem rate of \$80 will be paid to cover all meals, gratuities, and other costs incurred.

LALA will cover accommodation expense as required at the most reasonable rate, or up to \$25/ night in a private residence.

### Appendix B- Records Retention Schedule

Accounts receivable	Seven years
Accounts payable	Seven years
Internal financial statements	Seven years
Notice to Reader	Seven years
Annual budget	Indefinitely
Charity Returns	Seven years
Statement of Financial Information	Seven years
Other financial documents	Seven years