

PEACE LIBRARY SYSTEM		FINANCE (Required by <i>Libraries Regulation</i>)	
CATEGORY:	Finance	POLICY:	F1-22
DATE APPROVED:	September 17, 2022	REVIEW IN:	2024

The Peace Library System upholds the principle of:

- 1) responsible fiscal planning, and efficient procedures for the smooth operation of the financial practices of the System;
- 2) accurate records of the accounts of the System.

The Peace Library System shall keep distinct and regular accounts of its receipts, payments, credits, assets and liabilities and shall have these accounts for each fiscal year audited by an independent public accountant. Such accounts shall be kept in accordance with generally accepted accounting principles.

Statement of Intent

To ensure the smooth operation of the Peace Library System through the accurate recording of the accounts of the System and responsible fiscal planning and procedures.

Accounting Records

All accounts and records shall be retained for a minimum of seven years or whatever period is required by law.

Audit

The financial records of the System shall be audited by no later than February 15 of the year following the year under audit. The audited financial statement will be distributed with the Annual Report of the Peace Library System. As stated in The Peace Library System Agreement:

The System Board shall make an annual report on the operation of the System to each of the Parties to this Agreement and to each library board or advisory committee and to the Minister on or before May 31 in the year following the year to which the annual report relates.

Following the acceptance of the annual audited financial statement, the recommendations of the auditor will be reviewed and implemented where appropriate.

The Executive Committee may, from time to time, ask for bids on the Peace Library System audit and may appoint a new auditor for the System.

The Board shall appoint the auditor annually at the May Board Meeting, or when audit proposals have been received, reviewed, presented and voted upon.

Banking

From time to time the Executive Committee, at its discretion, may review the banking services received by the System.

A change in banking services shall be made by a motion of the Executive Committee.

Budget

The budget shall be consistent with Peace Library System's Plan of Service and the Board's priorities.

The budget will direct funds to the Building Reserve, Furniture/Equipment Reserve, Technology Reserve, and/or Vehicle Reserve as deemed necessary.

The budget is prepared by the Chief Executive Officer (CEO) and other department managers. The first draft is presented to the Executive Committee in the last quarter of the year preceding the budget year.

The final draft of the budget is presented at a meeting of the Board no later than November 30 in the year preceding the budget year. By approving the budget, the Board assumes responsibility for ensuring that the required revenue is forthcoming.

Budget estimates shall be submitted to all participating councils, member library boards and school authorities after the approval of the Board.

The budget may be revised as required by the Executive Committee and submitted to the next Board meeting for approval.

Capital Assets

Assets over \$500 will be capitalized. Assets under \$500 may be capitalized at the discretion of the CEO.

The value of capital assets will be adjusted annually to reflect amortization. Amortization is calculated using the declining balance method at the following rates:

- Buildings - 4%
- Furniture & Equipment - 20%
- Automotive Equipment - 30%
- Computer Equipment & Software - 30%

According to Generally Accepted Accounting Principles, the change in value of the capital assets resulting from amortization will be recorded as an operating expense and then transferred to the equity in capital assets.

Government grants for the purchase of capital assets are applied against the asset cost in the year of purchase and the balance of the cost is amortized over the useful life of the asset.

Surplus furniture and equipment of the Peace Library System will be sold or disposed of in a manner determined by the CEO. Computer hardware will be disposed of in an ecologically safe manner and all information will be removed from any hardware before disposition. A list of Capital Assets held by the system, including vehicles, building contents, and all technology, shall be maintained and kept current on a yearly basis.

Corporate Credit Cards

Credit cards issued by the System's bank in the System's name may be authorized by the CEO for employees who travel regularly or make specific purchases where a credit card number is required. Credit cards may be used for budgeted expenses only.

Executive Committee

The Executive Committee must approve all transfers to or from reserves. Board ratification is sought at the Board meeting immediately following the Executive motion.

All expenditures exceeding \$5,000, or not outlined in the approved budget, must be approved by the Executive Committee.

The Executive Committee must approve the audited financial statement before it is taken to the May Board Meeting.

Financial Statements

Monthly financial statements of all accounts shall be prepared by System staff outlining the monthly payments, year-to-date figures, budget variances and percentages expended. The most recent financial statement shall be submitted to the Executive Committee at each Committee meeting and will be included in the meeting package for the next Board meeting.

All usual accounting analysis and reconciliations shall be performed monthly, and results reported to the CEO, including but not restricted to:

- Bank reconciliation
- Accounts receivable reconciliations
- Cash flow analysis
- Investment analysis

System staff shall prepare and send monthly and annual financial statements to all member jurisdictions regarding book allotment expenditures. These must be balanced to the general ledger.

Fiscal Year

The fiscal year of Peace Library System shall be January 1 to December 31, both dates inclusive.

Five-Year Capital Plan

A five-year capital plan shall be established by the CEO, in consultation with staff, and be approved by the Executive Committee. The Plan shall be reviewed and updated annually.

Grant Applications

The Chair and/or the CEO are authorized to apply for grants on behalf of the Peace Library System. Grant applications and expenditures will be reported to the Executive Committee and/or the Board.

The CEO shall ensure that the annual System Operating Grant application is completed and submitted according to Alberta Municipal Affairs Guidelines.

Insurance

The Board shall provide adequate insurance coverage for its operations.

Investments

Investment earnings are maximized through investment activities which at the same time minimize exposure and risk. [See Investment Policy F2.]

Operating Loans

The Board may approve a line of credit which allows the System to take out operating loans.

Through a motion of the Board, the capital reserves may be used to offset operating expenses before taking out operating loans.

Operating Surplus

In the event that an operating surplus exists at the end of the budget year, the Executive Committee will make a recommendation to the Board regarding the allocation of the surplus.

Petty Cash

The Executive Assistant or Office Manager shall ensure that a petty cash float of \$200 is available. A record of receipts shall be kept and submitted to the Accounting Department for a reimbursement cheque when funds are low.

Purchasing of Supplies and Services

Whenever possible, and if prices are reasonably competitive, the Peace Library System will purchase supplies and services from vendors in the communities in the Peace Region.

A minimum of three quotations will be used when purchasing goods and services over \$5,000 in value except in emergency cases or where contracts exist for specified products or services. If a higher priced item or service is selected, a written explanation explaining the reason for the purchase shall be left on the filed quotation.

The Board authorizes the CEO to approve unbudgeted expenditures of up to \$5,000 under emergency circumstances. If emergency expenditures are incurred, they will be reported to the Executive Committee and/or the Board at the earliest opportunity with possible retroactive approval for movement of funds from the appropriate reserve.

Reserves

Peace Library System may establish and maintain reserves to provide for future operating and capital requirements and to offset unanticipated fluctuations in operating activities.

The Reserves Policy provides parameters and guidelines for the use of operating and capital reserves. [See Reserves Policy F3.]

Review

The Finance Policy shall be reviewed every two years by the Executive Committee, or more frequently as need arises.

Security of Financial Records

The CEO shall ensure the security of Peace Library System's financial records. The back-up of accounting records shall be stored in a secure off-site location.

Signing Authority

Cheques

Two signatures are required on all cheques against the General Operating and U.S. dollar bank accounts. At least one of the two signatures for these accounts shall be that of a designated Board Member. Signing officers shall be the CEO, two senior managers, the Chair, and up to three designated Board Members.

For cheques in the amount of \$500 or less, excluding staff expense claims, one of the signatures may be made with a stamp imprint of the Chair's signature. A stamp imprint of the Chair's signature may be used on cheques over \$500 with e-mail authorization from the Chair or Vice-Chair. The signature stamp shall be under the control of the Executive Assistant or Office Manager without signing authority.

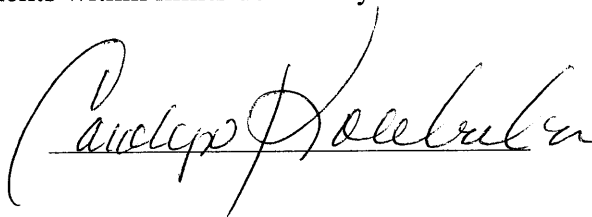
Online payments over \$500 may be authorized by the CEO where electronic fund transfers (EFT) or online payments are the more efficient means of payment. A register of online or EFT payments shall be presented along with any cheques for signing.

The signing officers from the Board shall be designated at the Organizational Meeting; but changes in signing authority can be made by a motion of the Executive Committee and reported to the bank by way of a letter.

Agreements

The Executive Committee may authorize the CEO to negotiate and sign contracts, licenses and agreements within limits defined by the Board.

Chair's Signature:

A handwritten signature in black ink, appearing to read "Paul J. Kelleher". The signature is written in a cursive style with a large initial "P" and a long horizontal stroke at the end.