



Finance & Purchasing Policy	
ADOPTED DATE	4/28/2022
REVISED DATE	10/27/22
REVIEW DATE	
REVISION #	1.0

# LIBRARY POLICY

## Finance & Purchasing Policy

### PURPOSE

To provide a framework for the Board of Library Trustees and staff for the fiscal operations of the Library, to assure sound fiscal management and to outline responsibilities for management of the Library's public funds. The Board of Trustees and the staff understand their obligation to adhere to all Illinois statutes and state mandated accounting practices.

### POLICY

#### Budget

The Board of Trustees of the Frankfort Public Library District has exclusive authority to establish an annual operating budget according to state law and Board policies, as well as exclusive authority to approve expenditures of all Library funds set forth in said annual operating budget. The budget is developed annually as a cooperative process between the Board of Trustees, the Library Director, and additional staff members with responsibility for budgetary elements. In general, all supplies, materials, equipment, and contractual or professional services will be included in the annual operating budget.

#### Levy

The Library Board is authorized by Illinois law to raise money through the levy of taxes for public library purposes. Property taxes, assessed and collected upon all taxable property within the boundaries of the Frankfort Public Library District, are the District's primary source of revenue.

#### Authority to Spend

The Library Director and/or their designee shall have the authority to make purchases consistent with the Board-approved budget without further Board approval. The Library Director and staff are authorized to purchase materials for the public, standard supplies, and replacement of fixtures as outlined in the annual budget. Administrative staff is authorized to enter into routine repair and maintenance contracts as permitted by the budget without prior Board approval. The Library Director is authorized to sign contracts on behalf of the Library District.

Purchases and services should be made with attention to the lowest possible cost, consistent with the needs of the Library with regard to durability, performance, prior experience, delivery, and service capability. Whenever practical, Library staff should obtain at least three estimates before purchasing services, equipment, or materials for the Library. A purchase contract should be awarded to the lowest qualified bidder with the approval of the Board of Trustees as necessary.

The Library Director is authorized to spend up to \$5,000 on any single item not accounted for in the budget without prior approval of the Library Board.

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All other non-emergency, non-budgeted purchases greater than \$5,000 should be planned in advance and presented at a regular Library Board meeting for approval.

In a bona fide emergency, such as a condition that threatens the safety of the public, staff, or the integrity of the Library's building or other major property, the Library Director may make purchases over \$5,000 per vendor to restore stability to the situation. The Library Director will confer with the Board President, Vice President, or Treasurer when making such a purchase of goods or services. The Library Director will document the circumstances surrounding the emergency and the response.

**Competitive Bidding Process**

In accordance with Chapter 75 ILCS 5/5-5 and except as otherwise provided, all purchase orders or contracts for products and services in excess of \$25,000 shall be subject to a competitive bidding process.

Contracts for the services of individuals possessing a high degree of professional skill, where ability and fitness of the individual plays an important part, such as consulting services, may be made by obtaining written proposals, instead of competitive bidding. When such written proposals exceed \$25,000, the Board will be asked to waive bids and approve entering into the contract.

Contracts for materials, utilities, emergency services, or that are only available from a single source are not adaptable to award by competitive bidding and shall not be subject to the competitive bidding policy. However, such contracts in excess of \$25,000 shall be presented to the Board requesting approval to waive bids and approval to enter into a formal contract.

**Credit Cards**

The Library Director and other selected staff members shall be issued a Frankfort Public Library District credit card. Credit cards shall only be used for Library business and all uses shall be properly documented. For additional details, see the Credit Card Use Policy.

**Petty Cash**

The Library will maintain a petty cash fund of \$200 in the safe for purposes of small purchases, providing refunds to patrons, or making change. The funds will be in the safekeeping of the Business Manager, who will record all payments and replenish the fund each month. All payments must be approved by the Library Director or designee prior to disbursement.

**Internal Controls**

The Library Director and Business Manager shall establish a system of internal controls and written operational procedures designed to prevent loss, theft, or misuse of funds.

**Routine Banking Procedures**

The Library Director or designee is authorized to make deposits into appropriate Library accounts. Such deposits include, but are not limited to, the deposit of accumulated fees and fines, donations, grants, and tax receipts.

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The Library Director and Business Manager are authorized to transfer funds from one Library account to another Library account for payment of Library bills and payroll. All payments are reviewed and authorized by the Library Director or designee, as well as by Board Trustees. The opening or closing of any bank accounts must be approved by the Board of Trustees.

All Library disbursements shall be made by means of checks drawn upon the Library accounts, Board authorized ACH payments, or a credit card maintained by the Library for use by the Director, Business Manager, and approved staff to conduct Library business. All checks require two authorized signatures. The Board President, Vice President, Treasurer, and Secretary, and any additional persons specifically designated by the Board through official action are authorized to sign checks.

The Library Director or designee are not authorized to receive cash from Library accounts, except when the Board of Trustees authorizes such action.

#### **Financial Reports and Audits**

On a monthly basis, the Library Director shall present written reports on Library finances to the Board of Trustees, which will include a full list of bills and charges, cash balances, and an income statement.

An independent auditor appointed by the Board shall conduct an annual audit of the Frankfort Public Library District's finances in accordance with the law and generally accepted accounting principles (GAAP).

#### **Expenses**

The Library shall reimburse members of the Board for real and necessary expenses incurred in conducting official business on behalf of the District as determined and approved by the Board. The Library shall reimburse any staff member for actual and necessary expenses incurred while on official District business as determined and approved by the Library Director. All expenses incurred by members of the Board of Trustees attending District related conferences, meetings, and workshops will be paid for by the Library as the budget allows. Reimbursements in this section are subject to the Local Government Travel Expense Control Act, 50 ILCS 150/1 *et seq.*

#### **Disposition of Surplus Property**

Library property (i.e.- print and non-print materials, equipment, supplies, and/or any personal property whether purchased by the Library or donated) which in the judgement of the Library Director is no longer necessary or useful for Library purposes may be disposed of in the following manner:

- Recycled or discarded
- Given to the Friends of the Frankfort Public Library District for use or sale
- Given to local philanthropic, educational, cultural, government, or other not-for-profit organizations
- Traded in on new equipment
- Made available for sale

Items valued at \$1,000 or more will be displayed at the Library and/or a public notice of its availability, the date, and terms of the proposed sale posted. All proceeds from the sale of surplus property will be treated as miscellaneous revenue and deposited in the Library's General Fund.