

FINANCIAL POLICIES

Annual Audit

The Library will retain the services of a certified public accountant who will provide advice and consultation and perform an annual audit in accordance with generally accepted accounting principles and in conformity with the requirements of the New York State Department of Audit and Control.

A written report, including an opinion on the financial statements, shall be prepared by the accountant at the close of the fiscal year. This report shall be presented to the trustees at the Board meeting following its receipt.

Budget

The Director shall draft a preliminary budget and present it to the Board of Trustees by May 15 of each year.

The Trustees will adopt a Budget Proposal by June 15 of each year for presentation to the voters.

Check Signatures

Checks are to be signed by two authorized signers, the Financial Officer and either another trustee or the Director.

If, and only if, the Financial Officer is unavailable, checks may be signed by any two Trustees or a Trustee and the Director.

Credit Card

The Hampton Bays Public Library shall maintain a credit card account to be used at the discretion of the Library Director and/or Business Manager.

All transactions are to be accounted for in accordance with the library purchasing procedures for authorized library purchases.

With the Library Director's permission the authorized users include the business office personnel and department heads. The credit card is kept in the Business Office/Director's Office.

Deposits Of Funds

All revenues are to be deposited as soon as is practical in the Library's savings account(s).

In no case is more than \$5,000 in revenues to be kept at the Library more than one business day.

Gifts And Monetary Donations

A donation to Hampton Bays Public Library is an excellent way to enhance and enrich library services for the entire Hampton Bays community. Hampton Bays Public Library welcomes direct gifts of cash, bequests, securities or other types of property, as well as gifts of library materials. The Library Director shall gladly meet with a potential donor to discuss options and opportunities for giving that reflect the donor's intent.

Hampton Bays Public Library is a not-for-profit institution. As such, donations that are accepted by the Library are tax deductible. Upon acceptance of a donation, the Library shall furnish an acknowledgement to the donor for tax purposes. Except in the case of a monetary contribution, this acknowledgement shall not place a financial value on donated items.

Donations of furnishings, works of art, equipment, or other miscellaneous items will be considered by the Library Board of Trustees on the advice of the Library Director. Among the criteria for acceptance shall be artistic quality, suitability to the building and the community, need, space, impact on staff time, expense, frequency of maintenance, etc.

Securities/financial instruments that are gifted or donated to the Library that do not conform to this Investment Policy must be sold within one year and the cash proceeds used or invested according to this Investment Policy. Exceptions to the one-year sale period may be made by vote of the full Board in unusual circumstances.

Gifts shall not be accepted unless given to the Library without restriction. Once accepted, gifts and donations become the unrestricted property of Hampton Bays Public Library and as such may be utilized, sold, or disposed of in the best

interest of the Library. The Library will not notify donors of withdrawal or replacement of gifted items.

Financial Integrity & Accountability

WHEREAS, effective systems of internal accounting and administrative control provide the basic foundation upon which a structure of public accountability must be built; and,

WHEREAS, effective systems of internal accounting and administrative control are necessary to assure that the Hampton Bays Public Library assets and funds are adequately safeguarded, as well as to produce reliable financial records and reports and,

WHEREAS, effective systems of internal accounting and administrative control are necessarily dynamic and must be continuously reviewed and evaluated and where necessary established, changed, or improved; and,

WHEREAS, fraud and errors are more likely to occur from a lack of effective systems of internal accounting and administrative control in the Hampton Bays Public Library; and,

WHEREAS, reports regarding the adequacy of the systems of internal accounting and administrative control of each department and agency are necessary to evaluate the performance of its public responsibilities and accountability now, therefore,

The Trustees of the Hampton Bays Public Library hereby resolve that:

Section 1: Objectives

The Library shall have adequate internal accounting and administrative controls to provide reasonable assurance that:

- Obligations and commitments are in compliance with applicable law and policy;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- Revenues and expenditures, applicable to the Hampton Bays Public Library operations, are properly recorded and accounted for to permit the

preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets; and,

- Hampton Bays Public Library programs operate efficiently and in accordance with management's policies.

The internal controls of the Library shall be established in accordance with the Standards established by the State Comptroller Guidelines for Financial Integrity and Accountability. These Standards shall include the prompt resolution of all audit findings.

Section II - Responsibility and Procedure

The Director shall establish Guidelines for the evaluation of the Library's systems of internal accounting and administrative control to determine such system's compliance with the Standards. The Director may modify such Guidelines from time to time as deemed necessary. The guidelines shall be subject to review by the Auditor who shall also be available for consultation in establishing and modifying the Guidelines.

By May 15, of each succeeding year, the Auditor shall, on the basis of an evaluation conducted in accordance with the prescribed guidelines, prepare a statement:

That the Library's systems of internal accounting and administrative control fully comply in all material and significant aspects with the Standards;

or,

that such systems do not fully comply with the Standards.

In the event that the Auditor prepares a statement stating that such systems do not fully comply with the standards, then the Auditor shall include with such statement a report in which any material or significant weaknesses in the systems of internal accounting and administrative control are identified, and plans and a schedule for correcting any such weaknesses should be supplied.

The statements and reports required by this act shall be signed and transmitted to the Trustees of the Hampton Bays Public Library by May 15. Such statements and reports shall also be made available to the public except where prohibited from disclosure by law.

Financial Reports

The Director is to present to the extent possible monthly reports to the Trustees on the following:

- income by codes for the month;
- income by codes for the fiscal year-to-date;
- cash balances;
- expenditures by code for the month; and,
- expenditures by code for the fiscal year-to-date.

Investment Policy

Scope

his investment policy applies to all monies and other financial resources available for investment by the HAMPTON BAYS PUBLIC LIBRARY on its own behalf or on behalf of any other entity or individual.

Objectives

The primary objectives of the HAMPTON BAYS PUBLIC LIBRARY's investment activities are, in priority order:

- 1) to conform to all applicable federal, state and other legal requirements,
- 2) to adequately safeguard principal,
- 3) to provide sufficient liquidity to meet all operating requirements and
- 4) to obtain a reasonable rate of return.

Delegation of Authority

The Board's responsibility for administration of the investment program is delegated to the Library Director and/or his/her designees and the Financial Officer who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates, and other relevant information and to

regulate the activities of subordinate employees.

Prudence

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the HAMPTON BAYS PUBLIC LIBRARY to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Internal Controls

It is the policy of the HAMPTON BAYS PUBLIC LIBRARY that all moneys collected by any officer or employee be transferred to the Director within three days of deposit, or within the time period specified in law, whichever is shorter.

The Director is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and managed in compliance with applicable laws and regulations.

Designation of Depositaries

The banks and trust companies authorized for the deposit of monies are determined at the Annual Organization meeting held each January.

Permitted Investments

As authorized by General Municipal Law, § 11, the Hampton Bays Public Library authorizes the Director to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts,
- Certificates of deposits,
- Obligations of the United States of America,
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America,
- Obligations of the State of New York,

All investment obligations shall be payable or redeemable at the option of the Hampton Bays Public Library within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Hampton Bays Public Library within two years of the date of purchase.

Authorized Financial Institutions and Dealers

The Hampton Bays Public Library shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Hampton Bays Public Library conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Hampton Bays Public Library. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Director and Financial Officer are responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

Payment Of Bills

Bills incurred by the Library shall be presented to the Board of Trustees at each regular Board meeting in a manner prescribed by the Board of Trustees and reviewed and approved by Board motion as is appropriate. The Board Financial Officer and Director will co-sign each check used for payment. If the Financial Officer is unable to sign a check another authorized Board of Trustees member may do so.

Prepayment Of Unapproved Bills

Approval is given to the Director and Board Financial Officer or any other Trustee to pay, when necessary, certain bills prior to their approval on the schedule of claims. Invoices that may be paid by check prior to Board approval include bills that without timely payment would incur interest or penalties, or otherwise disrupt the smooth operation of the Library:

- Payroll and employment tax bills
- Personnel benefits
- Utility bills
- U.S. Post Office fees and charges
- The Business credit card and/or other commercial credit accounts
- Contract services

Other invoices as necessary that would incur interest charges or penalties, or otherwise disrupt the smooth operation of the Library. Such payments shall not exceed \$5,000 per vendor.

In an emergency, the Director may poll the trustees by phone or by email to inquire whether they will authorize a prepayment in excess of the amount stated above. If four (4) trustees approve, the Director may make the payment prior to a Board meeting, at which time the payment will be reviewed by the trustees. The Director should make every reasonable attempt to poll all the Trustees.

A report of any such payments shall be presented to the Board of Trustees for approval at the next regularly scheduled Board meeting.

Petty Cash Funds

Petty cash funds may be established at the recommendation of the Director with the approval of the Board of Trustees. These funds will be placed under the custodianship of the Director or Business Manager. The amounts to be set by the

recommendation of the Director and with the approval of the Board of Trustees. No individual petty cash fund may exceed \$300.00

Withdrawals from the petty cash fund shall not exceed \$25 and must be accompanied by a valid receipt. Expenditure from such funds may be made in advance of audit by the Trustees, but only after submission of properly itemized and authenticated vouchers.

At each regular meeting of the Trustees, a list of expenditures made from the petty cash funds since the last meeting, together with the vouchers supporting such expenditures, shall be presented to the Trustees.

The Trustees, by approving the requests to reimburse the petty cash funds, are directing the Financial Officer to reimburse these petty cash funds in an amount equal to the total of such bills that the Trustees shall allow.

Purchasing Policy

Section 1: Purpose

The Board of Trustees of the Hampton Bays Public Library has established this purchasing policy to govern the purchase of goods and services for the Library. As a steward of public funds, the Library will make purchases that provide the greatest economic advantage. First consideration will be given to vendors within the library district who offer competitive pricing and acceptable quality and service.

This policy has the following objectives

- Ensure that all library purchases comply with applicable laws.
- Make the best possible use of tax dollars by purchasing goods and services economically.
- Provide clear and consistent guidelines for the HBPL staff to follow which incorporate basic principles of sound management.

Section II. Purchasing Agent

The Library Director shall be the chief purchasing agent of the Library. The Library Director is responsible for the library- wide purchasing function and shall have the authority to delegate powers to the Library Department Heads for

purchasing items within their respective budgets. All such authorized persons are required to coordinate their purchasing with the Business Office. The Library Director is responsible for ensuring that purchases are reported to the Board following approval by the Director and the Board Treasurer. In the Library Director's absence, the Board Treasurer shall serve as the Library's chief purchasing agent.

Section III. State & Federal Laws

All purchases will be made within the legal requirements of the laws of New York and of the United States.

Section IV. Purchasing Guidelines

A. General Guidelines

These guidelines apply to the purchase of supplies, materials, equipment, or the rental of same, or the construction, alteration, repair or maintenance of real or personal property. The Library Director will have the authority to authorize and/or approve purchases up to \$10,000 consistent with the approved annual budget.

Purchases of less than \$10,000

1. If the Library Director expects the purchase to be less than \$10,000, the purchase may be made without soliciting bids or proposals and without prior approval of the Library Board.
2. In making purchases of less than \$10,000, the following guidelines shall be followed:
 - a) The Library Director shall compare prices from as many responsible suppliers of the goods or services required as is practical, and shall purchase from that supplier where total costs are lowest, when quality and timeliness of delivery are comparable.
 - b) Preference will be given to products manufactured in New York and the United States.
 - c) Preference will be given to purchasing from local businesses when total cost, quality and timeliness of delivery are comparable.
 - d) Purchases will not be artificially divided so as to constitute a "small purchase."

- e) Purchase orders and/or contracts for all purchases /services must be signed by the Library Director or the Library Bookkeeper or Accountant.
 - f) Department Heads shall review all invoices for expenditures and verify the validity of the charges. Department Heads shall initial invoices to verify that the goods or services have been received by the Library in the quantities listed and that the amounts are correct.
 - g) All approved invoices are to be routed to the Business Office within 5 business days of receipt.
 - h) Purchases shall be reviewed and approved by the Library Director and the Board Treasurer prior to the issuance of checks.
3. The Director is authorized to establish charge accounts with businesses from which the Library will make purchases on a continuing basis. Library employees who may make purchases using the established charge accounts shall include the Director, the Department Heads, Facilities or Maintenance Manager, and Business Office Manager. The Director may assign other employees responsibility for purchasing supplies needed for specific library programming
 4. The Director is authorized to establish and maintain a credit card for making library purchases when more traditional methods of payment are impossible or not timely or practical.
 5. Major library vendors that are supplying books, audio-visual materials, and periodicals subscription vendors are exempt from the restrictions of this policy.
 6. The Director is authorized to establish a petty cash fund for incidental purchases below \$300.

Purchases Greater Than \$10,000

Purchases expected to be more than \$10,000 but less than \$50,000 must be based on a minimum of three quotations. All quotations must be kept on file for a minimum of two years.

HBPL will not knowingly purchase or accept bids to purchase goods or services from:

- a) Library Board members
- b) Library Employees

- c) Spouses of the above individuals
- d) Children, parents, grandparents, grandchildren, brothers and sisters of the above individuals and their spouses
- e) Firms or enterprises in which any of the above individuals have a vested interest involving ownership, partnership, sales commission or other direct and immediate gain resulting from such purchases

Purchases Greater Than \$50,000 / Request for Proposal and Competitive Bidding

If the Library Director expects the purchase to exceed \$50,000, he/she will prepare a Request for Proposal (RFP) or follow the competitive bidding procedures below.

Advertisements for sealed bids or requests for proposals will be properly handled through the Library Director. Sealed bids, based on authorized specifications, or RFPs shall be received by him/her and include all costs for labor and materials, Bid Bond, and Certificate of Insurance as appropriate. Bids will then be tabulated and submitted to the Board along with Library Director and/or Staff recommendation for action. Formal contracts with appropriate signatures for both Board and Contractor are required.

All purchases, contracts, and expenditures of library funds shall be awarded to bidder considering conformity with specifications, competitiveness of bid, terms of delivery, quality, and serviceability.

When Competitive Bidding is not Required

- a) Where the goods or services to be procured are economically procurable from only one source.
- b) Where the services required are for professional skills
- c) In emergencies involving public health, public safety, or where immediate expenditure is necessary
- d) Contracts for the maintenance or servicing of equipment which are made with the manufacturers or authorized service agents of that equipment
- e) Where the goods or services are procured from another governmental agency or through a library cooperative program in which prices have been previously determined by competitive bidding
- f) Purchases and contracts for the use, purchase, or installation of proprietary software
- g) Contracts which by their nature are not adapted to award by competitive bidding, contracts for utility services such as water, light, or heat.

B. Emergency Purchases

An emergency is defined as an unforeseen combination of circumstances or the resulting state that calls for immediate action. If a situation impinges on Library services or facilities and an emergency purchase contravening the policy statements above is deemed necessary, it must be approved by the Library Director and/or his/her designee. Established procedures will be followed as much as is practicable under the circumstances. A written justification of the nature of the emergency and the selection of the particular vendor shall be submitted to the Library Board and shall become part of the record for the purchase.

C. Charitable Requests

Because the purpose of the Library as a Public Library is to use taxpayer-provided funds for Library services only, such funds may not be distributed to any other charitable purpose.

D. Review of Existing Contracts / Quotations / Bids

HBPL Business Office and/or Library Director should embark upon a review of existing vendor contracts at a minimum of every three (3) years to ensure accuracy, consistency and competitiveness.

HBPL Business Office should also keep all quotations and bids on file and available for inspection for a period of two (2) years minimum.

Approved by the Board of Trustees – May 10, 2022

Records Retention and Disposition

In order to legally dispose of unneeded records, it is the policy of the Hampton Bays Public Library to follow the Retention and Disposition Schedule for New York Local Government Records (LGS-1) issued pursuant to Article 57-A of the Arts and Cultural Affairs Law. The purpose of the Schedule LGS-1 is to:

- ensure that records are retained as long as needed for administrative, legal and fiscal purposes.
- ensure that state and federal record retention requirements are met.
- ensure that record series with enduring historical and other research value are identified and retained permanently.
- encourage and facilitate the systematic disposal of unneeded records.

The library will follow the current schedule and any future revisions and re-issuances thereof. The library director is responsible for the proper retention and disposition of all library records in accordance with the Retention and Disposition Schedule for New York Local Government Records (LGS-1). Schedule LGS-1 can be viewed online at:

<https://www.archives.nysed.gov/records/local-government-record-schedule/lgs-1-title-page>

In accordance with this policy, the following procedures will be followed:

- a. Those records that are described in the Retention and Disposition Schedule for New York Local Government Records (LGS-1) may only be disposed of after they have met the minimum retention periods described therein.
- b. Only those records that do not have sufficient administrative, fiscal, legal, or historical value to merit retention beyond established legal minimum periods may be disposed of.
- c. The records the library maintains which are not described in the Retention and Disposition Schedule for New York Local Government Records (LGS-1) may be disposed of after a period of no less than three months.

Reserve Account

In order to insure that there are adequate funds to pay accumulated vacation pay and sick pay upon resignation or retirement, the Director should establish a special account for this purpose. The amount of this account will be reviewed and re-established by the Trustees at the Annual Organizational Meeting each January.