

SPARWOOD PUBLIC LIBRARY ASSOCIATION STATEMENT of POLICIES		Page:	1 of 3
Chapter:	FINANCIAL MANAGEMENT	SP No.	C.1
Subject:	Financial Operations	Date Approved:	April 15, 2024
Issued by:	Board Trustees	Subject to Review:	2025
Replaces:	Financial Operations	Dated:	March 18, 2024

POLICY

1. **Accounts Payable** – For consistency of information and control, two signatures are required on cheques. Accounts payable will be paid within 30 days of invoice date, and where applicable early payment discounts will be taken advantage of.
2. **Payroll Cheques** – The Chief Librarian is authorized to approve payroll payments to hourly library staff. Should payroll expenditures surpass the annual budget allocation, the Chief Librarian shall obtain approval from the board.
3. **Monthly Accounting** – The monthly accounting will be completed by the 15th of the following month. Cheques, deposits, and journal entries will be posted monthly into the general ledger.
4. **Monthly Financial Statements** – Summarized year-to-date financial statements (unaudited) will be forwarded to the Finance Committee. Monthly financial statements to be provided with actual versus budget figures. The bank reconciliation to be signed off monthly.
5. **Quarterly Financial Statements** – Summarized quarterly financial statements (unaudited) will be presented by the Chief Librarian and/or a **SPLA** board trustee to the District of Sparwood council.
6. **Government Remittances** – A statement signed by the Treasurer and/or designate will be included in monthly financial statements confirming that government payroll remittances for the previous month have been remitted and that payroll is current. Remittances will be accrued to the appropriate month.
7. **Banking** – On receipt, all cheques will be stamped “for deposit only to the account of **SPLA**.” Cheques will be deposited to **SPLA’s** account within five (5) business days of receipt.
8. **Authorization Limit** – The Chief Librarian is authorized to make expenditures within the parameters of the approved annual budget. Any expenditures that exceed the allocated amounts for budget line items, or those that pertain to items not specified within the budget, shall require approval from the board.
9. **Staff and Volunteer Travel Reimbursement** – Travel will be reimbursed monthly upon submission of documentation outlining destination, kilometres travelled and reason for travel. The Treasurer/Finance Committee will be responsible to undertake an annual review of mileage reimbursement and make recommendations to the Board for any changes. Travel advances will be given with appropriate supporting documentation and must be approved by the Treasurer. For conferences, a report to the Board must be prepared itemizing costs and rationale for attending a conference as part of the annual budget process. Board approval must be given before incurring any conference expenses.
10. **Fiscal Year End –SPLA’s** year end is December 31. On an annual basis, prior to that date, the Board shall determine the nature of the engagement to be conducted by **SPLA’s** independent accounting firm. (Audit, Review or Notice to Reader). All materials required for the year-end financial statement preparation will be completed by the end of March for presentation to the **SPLA’s** independent accounting firm. Draft financial statements will be presented to the Finance Committee annually for review. Per Section 40 (3) of the BC Library Act, the **SPLA** must
 - a. Prepare annual financial statements in accordance with generally accepted accounting principles,
 - b. Provide a copy of the financial statements for inspection by the members of the public library association at or before the annual general meeting, and

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- c. Provide a copy of the financial statements to any municipality or regional district that is eligible under Section 35 of the BC Library Act to make an appointment to the library board.
11. **Budget** – Per Section 40 (1) of the BC Library Act, in each year, the **SPLA** must prepare and approve a budget for providing library service. The draft budget for the upcoming fiscal year will be presented to the Board no later than the last board meeting of the current fiscal year. Per Section 40 (2) of the BC Library Act, the **SPLA** board has, subject to the approved budget, exclusive control over the expenditure of
- a. All money raised by, or grants or contributions provided to the public library association,
 - b. All money given to the public library association,
 - c. The revenue derived from any source, including
 - i. Fees
 - ii. Fines, and
 - iii. Money recovered by the library board for detention, damage, or loss of library materials, and
 - d. All money received by the public library association under an agreement to provide library service.
12. **Annual General Meeting** – Per Policy C.1, 10 financial statements for the preceding fiscal year shall be presented to the members at the Annual General Meeting.
13. **Capital Items** – **SPLA's** capitalization threshold is \$2,500.00 and the asset must provide a lasting benefit to **SPLA**. Assets that are greater than or equal to the capitalization threshold are to be reported on the balance sheet and depreciated over the asset's useful life.
14. **Reviewing Accumulated Operating Surplus** – Upon confirmation of an operating surplus, the Finance Committee will undertake the following:
- a. Determine whether the surplus contains restricted funds. Restricted funds may include
 - i. **Temporarily Restricted Funds** – These funds usually come from government funds or grants and are restricted for a certain purpose or a time limitation, such as the completion of a project.
 - ii. **Solicited Donations** – When donations are solicited for a specific purpose or program, they become restricted funds, meaning that they are earmarked for those specific programs. For example, if the **SPLA** solicits donations specifically for the purchase of new computers, then the donations must go towards that purchase. (To prevent an issue if excess funds are raised, the **SPLA** can indicate on donation, materials that excess funds will go to a secondary cause.)
 - b. Once restricted fund allocations are removed from the surplus, review the operating needs of **SPLA**, and consider
 - i. Whether an allocation from the surplus is to be transferred to an investment account. When reviewing investment options, the Finance Committee to consider the rate of return, liquidity, and risk. The Finance Committee shall favour investment options that provide the highest rate of return with the least amount of risk. The Treasurer shall make a recommendation to the Board on the amount to be transferred.
 - ii. Pay down debt, if applicable.

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iii. Invest in **SPLA** programs. (e.g. expand existing programs or offer a new program).

15. **Insurance** – The Treasurer will prepare a report annually on **SPLA’S** insurance coverage. The report will include information on substantive changes to **SPLA’s** operations that could impact coverage. At a minimum, **SPLA** shall have a Commercial General Liability policy and a Directors’ and Officers’ Liability policy. **SPLA** will seek comparative quotes every three (3) years.

16. **Capital Acquisition Costs** - When **SPLA** acquires new capital assets, the acquisition costs are expensed against the new asset.

PURPOSE

17. The purpose of this policy is to provide guidelines for **SPLA’s** financial operations.

RESPONSIBILITY

18. The Board is responsible for monitoring efficient use of resources and ensuring the establishment of proper financial controls and policies.

PROCEDURES

19. This policy will be reviewed annually.