

Financial Management Policy

I. Introduction

These guidelines are designed to:

- Protect the assets of the Umatilla County Special Library District (UCSLD);
- Ensure the maintenance of accurate records of the UCSLD's financial activities;
- Provide a framework of operating standards and behavioral expectations; and,
- Ensure compliance with federal, state and local legal reporting requirements

Exceptions to written policies may only be made with the prior approval of the Board of Directors (Board). Changes or amendments to these policies may be approved by the Board at any time. All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies.

II. Accounting

The UCSLD's accounting system shall be designed specifically to:

- Assemble information on all finance-related transactions and events.
- Provide the ability to analyze all data collected.
- Classify data according to the chart of accounts.
- Record data in the appropriate books of accounts.
- Report data to management and outside parties in an appropriate format and in a timely manner.
- Maintain accountability of assets.
- Retain data according to the State of Oregon's retention schedule for special districts.

The accounting system shall include:

- A general ledger.
- Subsidiary journals as necessary, including revenue, expenditures, and payroll.
- Written documentation supporting, authorizing, and explaining individual financial transactions including invoices, bank statements, purchase orders, payroll, transfers, etc.
- Any other data deemed necessary to prepare financial statements.

III. Fraud Prevention

Fraud is defined as a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means.

All fraudulent acts or related misconduct are included under this policy and include, but are not limited to, such activities as:

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- Embezzlement, theft, misappropriation or other financial irregularities;
- Forgery or alteration of documents (checks, time sheets, contractor agreements, purchase orders, other financial documents, electronic files);
- Improprieties in the handling or reporting of financial transactions;
- Misappropriation of funds, securities, supplies, inventory or any other asset (such as furniture, fixtures, equipment, materials), including assets of the UCSLD, patrons, suppliers, or others with whom there is a business relationship;
- Authorizing or receiving payment for goods not received or services not performed;
- Authorizing or receiving payments for hours not worked or expenses not accrued and documented;
- Profiteering as a result of insider knowledge of UCSLD activities.

Fraud and related misconduct will not be tolerated. Employees found to have participated in such conduct will be subject to disciplinary action, up to and including termination.

Directors and employees are expected to use their best efforts to recognize risks and exposures inherent to their areas of responsibility and to be aware of indications of fraud and related misconduct. Any Director or employee who knows or suspects fraud or related misconduct shall report that to the President of the Board or the District Director.

When fraud or related misconduct is reported, an appropriate investigation and all necessary action will be undertaken. All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and UCSLD policies/procedures. During or following the investigation, the Board may choose to consult with legal counsel and take appropriate steps to minimize recurrence.

IV. Investment Policy

It is the policy of the UCSLD to invest public funds in a manner which will provide the highest return with the maximum security while meeting cash flow demands. All investments will conform to all applicable laws and regulations governing the investment of public funds.

A. Objective

The Primary Objectives of the UCSLD's financial investments are, in priority order:

- Safety of Principal – Safety of principal is the foremost objective. All investments shall be undertaken in a manner that seeks first to preserve capital and second to fulfill other investment objectives.
- Liquidity – The UCSLD's investment portfolio will remain sufficiently liquid to enable the UCSLD to meet all operating requirements which might be reasonably anticipated.

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- Return on Investments (Yield) - The UCSLD's investments should generate the highest available return without sacrificing the first two objectives.

B. Funds

The Board may establish funds for money and securities of the UCSLD. All monies from whatever source derived will be receipted into funds established by the Board under authority of law.

C. Delegation of Authority

The District Director and Board shall implement the investment program and establish investment procedures consistent with this policy. No person may engage in an investment transaction except as provided under the terms of this policy.

D. Deposit Requirements

The UCSLD's Board shall designate its public depositories. Any eligible financial institution that has offices within the State of Oregon may become a public depository of the funds of the UCSLD.

E. Reporting

The District Director shall provide the Board with monthly reports which clearly provide the following information regarding the investment portfolio:

- types of investment and cash position
- depository institutions,
- principal balances

F. Ethics and Conflicts of Interest

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

G. Electronic Transfers

The following type of transactions may be conducted by electronic transfer between financial institutions in order to expedite the transfer of funds as well as maximize interest earnings:

- Direct deposit of telecom tax funds and credit card receipts
- All investment transfers for certificates of deposit and savings accounts authorized by the Board
- Payroll for UCSLD employees and fees associated with payroll processing
- Health insurance payments for UCSLD employees
- Utility payments, Internet and telecom service payments
- Credit card payments
- Other services with a monthly subscription cost or contract payment as approved by the Board
- To satisfy long-term bond or debt obligations when required by a depository trust company

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The Board or District Director will maintain appropriate documentation of the transactions so these may be audited as required by statute.

H. Personal Use of UCSLD Assets

Neither the District Director nor any Board member will use or permit the use of UCSLD funds, vehicles, equipment, telephones, materials or property for their own personal benefit or profit. Neither the District Director nor a Board member will ask or require a UCSLD employee to perform services for the personal benefit or profit of a Board member or the District Director. The District Director and all Board members will safeguard UCSLD property, equipment, moneys and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

I. Segregation of Fiscal Duties and Internal Controls

No one person should control or perform all key aspects of a transaction or financial event. Segregation of duties is an important internal control activity that helps detect errors in a timely manner and deters improper activities. Internal controls instituted by the UCSLD will assist the Board in maintaining adequate fiscal oversight of the expenditure of funds.

V. Control Policies and Procedures

The UCSLD follows these policies and procedures to ensure control and an effective accounting system:

- All financial transactions shall conform to standard accounting procedures and Oregon Revised Statutes and Administrative Regulations (ORS).
- All transactions are authorized properly.
- Duties are segregated. As much as is practical, no single individual should be able to (1) authorize a transaction, (2) record the transaction in the accounting system, and (3) take custody of the assets resulting from the transaction.
- Accounting records and documentation are designed and maintained properly.
- Access to assets and records is controlled.
- Accounting data is reviewed periodically and compared to underlying records.
- All financial records are retained and secured in accordance with ORS .
- Records no longer required to be retained are destroyed securely.
- Payroll records and processing are reviewed periodically.
- Physical assets are reviewed periodically and an inventory is maintained.
- The District Director shall submit the prior month's financial report to the Board of Directors with the packet for the regular monthly meeting.
- Financial computer systems shall be maintained in a secure environment, accessed only by documented/authorized personnel, and regularly maintained to prevent data loss.
- Annual audits shall be performed in compliance with ORS and generally accepted accounting principles (GAAP) for governmental entities.

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VI. Cash and Purchasing

The UCSLD shall follow these specific policies for cash and purchasing:

A. Cash disbursement:

- Check-signing authority is limited to the District Director and every Board Director
- Two signatures are required on each check.
 - Some regularly-recurring bills and payments may be paid electronically by the District Director or designee. Bills and payments authorized to be paid electronically shall be established annually by Board resolution. Invoices must be retained and reviewed by the Board of Trustees.
- Authorization of payment is required by the District Director or designee.
- Original invoices shall be attached to checks before signing.
- Pre-signing any check is prohibited.
- Blank checks are prohibited.
- Checks shall be numbered sequentially.
- The check stock shall contain security safeguards to prevent fraud.
- The check stock shall be secured and use shall be documented.
- Voided checks shall be defaced and retained in the financial records.
- Signature stamps are prohibited.

B. Cash handling

- Deposits shall be performed within a week of receipt.

C. District Director and the Board shall review bank account reconciliations monthly.

D. Available surplus funds may be invested according to ORS with the primary consideration being the security of public funds.

E. Banking shall be conducted according to ORS and applicable accounting practices.

F. Purchasing

- Original invoices shall be required.
- Employees of the UCSLD shall not serve as independent contractors to the UCSLD.

G. Vacation reserve

- The UCSLD shall retain a vacation reserve of at least 75 percent of all employees' outstanding vacation and holiday accrual.

H. Expenditures approval

- The Board shall approve all expenditures for supplies, materials, equipment, or any contract obligating the UCSLD in excess of \$4,500 with the following exceptions:
 - Purchase of emergency services or materials which cannot be delayed until the next Board meeting but exceed \$4,500. Such purchases must be approved by the Board President and comply with ORS.

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- Payments of monthly statements, composed of individual invoices not exceeding \$4,500, incurred while conducting regular UCSLD business such as purchasing office supplies, fuel for UCSLD vehicles or paying credit card statements.
- Regular payments on contracts that have been pre-approved by the Board.
- The District Director shall authorize all expenditures or contracts up to \$4,500 except Contracts for legal services.
 - Total expenditures within a budgetary fund category (e.g. Materials and Services) may not exceed the budgeted allocation of that category without prior approval of the Board.
- UCSLD credit card limits are set by the Board when they approve the card use for personnel.

VII. Credit Cards

The UCSLD may utilize credit cards to facilitate a predefined set of small (typically \$5,000 for District Director & \$3,000 for other District staff) routine purchases of budgeted items, subject to subsequent approval, administered by employees who are both accountable and responsible for the related transactions subject to prudent financial controls. As provided by the policy, the District Director is the administrator of the UCSLD credit cards. The District Director follows the policies and procedures set out in this policy.

The credit card is issued by the bank used by the UCSLD. The cards are the property of the UCSLD and are issued to employees by the bank after Board approval. The UCSLD credit card shall be used only to charge official UCSLD purchases. Monthly, the billing statements and the purchase receipts are submitted by cardholders and then reviewed and reconciled by District Director and sent to the Accountant for payment.

A. Credit Card Limits

Limits will be set for each cardholder by the Board. These may include: a single transaction purchase limit; Spending limit allowed per day; Spending limit per month; Credit Card spending limit.

B. Restricted Purchases

The following is a list of restricted purchases:

Examples of Authorized Purchases

Professional Dues
 Office and Other Supplies
 Conference Registrations & Travel
 Equipment Supplies
 Event Refreshments
 Subscriptions
 Repair and Maintenance
 Room Rentals

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Training Programs
Operational Supplies
Books and Videos

Examples of Blocked Purchases

Cash Advances
Adult Entertainment
Tobacco Products
Cash Refunds
Controlled Substances
Alcoholic Beverages

Examples of Unauthorized Purchases

Any Personal Items or Use
Unbudgeted Items
Personal Service Contracts
Unsecured Internet Purchases - non-https:// sites
Trade Service Agreements
Purchase Requiring 1099 Form

Exceptions to the above may be granted by the District Director on a limited basis upon a showing of sufficient justification or extenuating circumstances.

C. Reconciling Accounts

Each transaction on the monthly billing statement is compared with receipts submitted by the purchasing staff member and assigned an account number before being sent to the Accountant for payment.

D. Paying the Bill

The UCSLD credit card(s) will be paid in full each month after reconciliation with the receipts

E. Responsibilities

- The District Director will:
 - Provide administrative oversight for successful operation of the credit card program
 - Ensure that appropriate procedures are in place and approve all special procedure issues.
 - Update the credit card procedures for UCSLD as needed
 - Verify that funds are budgeted for the transactions of UCSLD cardholders
 - Review and audit credit card data and transactions.
 - Monitor cardholder compliance with UCSLD rules
 - Reconcile the monthly billing statements to appropriate submitted receipts
 - Monitor cardholder purchases during the month

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- Report lost, stolen or fraudulent use of the credit cards to the credit card vendor.
- The Cardholder is responsible for:
 - Treating the UCSLD credit card with the same care as they do with their own personal credit cards. The card should be maintained in a secured location and the account number should be carefully guarded.
 - Only the individual whose name appears on the face of the card is entitled to use the card. The card shall not be loaned to another individual for any reason.
 - Obtaining purchase documentation (sales receipt, itemized packing slip, service receipt, etc.) from the merchant for every purchasing card transaction to support the purchase. If someone other than the cardholder receives the shipment or service, the cardholder is still responsible for obtaining the supporting documentation.
 - Receipts shall be given to the District Director who will reconcile the card purchases to the monthly billing statement on a timely basis. Failure to do so will result in a loss of cardholder privileges.
 - Working with the merchant to correct any problems, exchanges or credits.
 - Not accepting cash in lieu of a credit card credit for returns.
 - Reporting a lost or stolen card to the card issuer immediately. Also notify the District Director as soon as possible.
 - Returning the credit card to the District Director upon termination of employment, upon change in employment that no longer requires a credit card or upon request from the District Director or the Board
 - Not misusing the credit card. Failure to comply with the Credit Card policy and procedures and other UCSLD policies that relate to purchases will result in the revocation of purchasing card privileges. If the purchasing card is used for unlawful or improper purposes, the employee may also be subject to disciplinary action for that misconduct.

VIII. Personnel

Employment policies shall include procedures that reasonably protect UCSLD assets:

A. Employment applications shall include:

- A statement that false information or misrepresentation can be cause for disqualification or dismissal.
- A criminal background check with candidate's written approval.
- Reference checks.

B. Appropriate staff supervision

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- C. Rotation of duties/cross-training.
- D. Communication and confirmation of policies and ethics
- E. Employee and financial contractor fidelity coverage (bonding) is required (when applicable)

F. Staff Reimbursement for Purchases

Staff members may occasionally need to purchase materials for the District with their personal funds. Staff may submit itemized receipts for these purchases to the District Director and pending District Director and Board Approval a reimbursement check will be issued within 30 days.

G. Staff Reimbursement for Travel Expense

Employees will be reimbursed for travel expenses incurred in the performance of their work. Any cost incurred should be the most economical with the UCSLD's best interest.

Any employee of the UCSLD incurring expenses for UCSLD related business shall be reimbursed as follows:

- Official travel in privately owned vehicles shall be reimbursed in accordance with the rates as set forth in the UCSLD travel policies and procedures.
- Air travel shall not be first class unless other rates are unavailable. Under reasonable circumstances, or for necessary expediency, the Board may authorize other travel means.
- Lodging shall be reimbursable at the actual expense. Receipts must be provided for all lodging.
- Parking, tolls, and public transport shall be reimbursable at the actual expense. Receipts must be provided for all parking, tolls and public transport.
- Conference and registration fees shall be approved in advance by the District Director, and may be prepaid when necessary and appropriate.
- Use of rental vehicles is allowed when more feasible than other types of available transportation.
- The UCSLD will reimburse an employee for meals at required training sessions. Oregon per diem rates apply. All expenses should be reported on the Travel Expense Reimbursement Form and submitted for Director and Board Approval.
- Other necessary expenses which were unforeseeable prior to travel may be approved by the Board upon presentation of documentation of the need for such expense.

Expenses not in compliance with the travel expense policy will not be reimbursed or paid by the Board, e.g. costs incurred by family members or staff attendance at events not approved by the Director or the Board.

IX. District Assets and Capital Outlay

The District Director shall not allow assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, they may not:

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- A. Fail to insure against theft and casualty losses to at least 80 percent of replacement value and against liability losses.
- B. Subject facilities to improper use or insufficient maintenance.
- C. Unnecessarily expose the UCSLD, its Board, or staff to claims of liability.
- D. Make any purchase (1) contrary to state statutes and regulations concerning conflicts of interest; (2) of over \$500 without having obtained comparative prices and quality; (3) of over \$3,000 without evaluating a balance of long-term quality and cost. Such evaluation shall be presented to the Board to use as they make their decision.
- E. Fail to protect intellectual property, information, and files from loss or damage.
- F. Receive, process, or disburse funds under insufficient controls to meet the Board-appointed auditor's standards.
- G. Fail to follow state law regarding investment of capital assets in secure instruments.

Capital outlay shall include expenditures on the following:

- A. Land acquisition or improvement, including improvements and installations on the grounds;
- B. Building construction, expansion, or remodeling;
- C. Installation, addition, or replacement of major building systems such as heating and cooling, electrical, plumbing, and other services;
- D. Shelving;
- E. Depreciable equipment, which includes items that have an anticipated useful life exceeding one year, cost \$5,000 or more, retain their original shape and use, and are nonexpendable.

Equipment, including nonexpendable equipment costing less than \$5,000, must be inventoried.

X. Surplus Property

Surplus property is defined as any personal property of the UCSLD that has been determined by the District Director or designee as being of no use or value to the UCSLD. See the Surplus Property Disposal Policy for details.

This section was removed in 2022. Double checking that we are good to go without it....

I. Petty Cash handling

- *The Petty Cash fund is to be used for small purchases or for purchases to solve an immediate need when a UCSLD-issued credit card is not available or is not practical to use.*
- *The UCSLD will maintain a Petty Cash fund of \$75.00 in a locked space. Only the District Director and Staff should access these funds. Transactions should be reimbursed only with a receipt. At any time total cash and receipts will equal \$75.00.*

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- *When cash is low, the District Director can request funds equal to the total amount of receipts to replenish the Petty Cash fund. The request is made by submitting the Petty Cash log with receipts to the Accountant.*
- *The District Director or Board may conduct an unscheduled check of all Petty Cash funds to insure proper handling.*

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