

LOCUST VALLEY LIBRARY FISCAL AND INTERNAL CONTROLS POLICY

1. General

The Board of Trustees is responsible for authorizing all bank accounts and check signers. Financial institutions where Locust Valley Library accounts are maintained are notified of any changes in check signers following the transition of officers or changes in staff with check signing responsibilities. In addition, the Board shall have regular oversight of the finances. Monthly financial reports shall be distributed to all trustees and officers and reviewed by them, as well as the Director. An annual financial audit will be conducted by a qualified independent Certified Public Accounting firm. Any allegation of fraud should be immediately reported to the Board. Applicable financial and administrative guidelines relating to specific grant funding shall be followed.

2. Cash Receipts

Employees handling cash will have the necessary knowledge and skills to perform the job and will be carefully supervised. Cash receipts must be deposited within 10 days of receipt or when the deposit amount exceeds \$2,000, whichever comes first. Incoming checks must be restrictively endorsed, “for deposit only” with the organization’s account number, when received. Incoming cash must be counted and receipts/bank deposits developed by two or more persons authorized to perform these functions. Records of cash received must be totaled and initialed by authorized employees. Cash collection documentation totals must be compared and reconciled to bank deposit receipts on a regular basis. Bank deposit receipts must be compared and attached to the original bank deposit slips. Adequate physical controls must be maintained over cash receipts from the time of receipt to deposit in the bank. Contributions and grants received in bank accounts electronically via Electronic Funds Transfer (EFT) will be posted to accounting software within 3 days of receipt.

3. Cash Disbursements

a. Check Authorization

The Director must provide approval for all disbursements. Supporting documentation must accompany checks when presented for signature.

b. Checks

Only pre-numbered checks shall be used and always in sequence. Signing of blank checks is strictly prohibited. Checks must be made payable to specific payees based upon appropriate documentation; and never to “cash” or “bearer”. Prior to preparing checks, receiving reports should be compared to vendor invoices for accuracy. Checks must be prepared from vendor invoices only and not from a vendor statement. Signature stamps may never be used to sign

checks. Dual signatures are required for all checks \$1,000.00 and over, consisting of two Trustees or one Trustee plus the library director. The library Director may sign singly on checks of less than \$1000.00. Access to blank checks must be limited to persons authorized to prepare checks. Blank check stock must be locked in a secure place when not in use. Any voided/spoiled checks must be marked "Void" and retained in a secure place.

c. Bank Reconciliations

Bank accounts must be reconciled on a monthly basis by an individual who does not approve cash disbursements, and such reconciliations must be reviewed by the Director. The Director must receive the bank statements, including canceled checks, etc., unopened from the bank. All check numbers must be accounted for. Checks outstanding over 90 days must be periodically investigated, with payment stopped and an entry made restoring such items to cash if appropriate.

4. Travel and Expenses

Employees must submit detailed supporting documentation in order to be reimbursed for expenses, initialed for approval by the Director prior to payment.

5. Grants of Money

Recording of grants of money must adhere to the terms of the grant including any restrictions regarding purpose or any prohibitions on the use of principal.

Adopted by the Board of Trustees on April 18, 2017.
Updated by the Board of Trustees on January 20, 2022.