



Town of Pelham Public Library Financial Management Policy

Scope: Financial Responsibilities; Charitable Account; Corporate Credit Cards; Procurement
Financial Procedures

Approval Date: November 2004

Revision Date: February 15, 2006

Town of Pelham Public Library

Objective:

The objective of the Financial Management Policy is to state the principles by which, and to provide a comprehensive guide to, the financial management and transaction conduct of the Pelham Public Library Board and staff. It ensures open processes, which are fair and impartial and maintains the integrity of financial processes while protecting Pelham Town Council, Pelham Public Library Board, library staff and vendors by providing direction and accountability. As the Town of Pelham is the agency responsible for the majority of the Library's financial transactions, financial management policies and procedures of the Town of Pelham take precedence over these policies.

Scope:

Financial Responsibilities – Detailing the policies involving the fiduciary responsibilities of the library CEO, library staff and library board in the financial affairs of the library.

Charitable Account – Outlining the intent of the Pelham Public Library Charitable Account.

Use of The Corporate Credit Card(s) – Outlining the procedures, responsibilities and controls for the use of the Pelham Public Library corporate credit card.

Procurement – Outlining policies to ensure that the proper equipment, materials, supplies and services are purchased when needed with the right quality, at the right price, from the right source and at the right time in a manner that is fair, equitable and transparent to all.

Definitions:

In this policy,

“Board” refers to the appointed Board of Trustees of the Town of Pelham Public Library.

“CAO” refers to the Chief Administrative Officer of the Town of Pelham or his or her designate.

“CEO” refers to the Chief Executive Officer of the Town of Pelham Library or his or her designate.

“Contract” includes the purchase of supplies and services by or on behalf of the Town of Pelham Public Library and the sale or disposal of unusable, obsolete, disused, worn-out or scrapped books, supplies, furniture and equipment.

“Council” shall mean the elected Council of the Town of Pelham or a committee of the Council of the Town of Pelham as determined by the Council of the Town of Pelham.

“Designate,” means the person or persons assigned the duties and responsibilities on behalf and in the absence or incapacity of the person charged with the principal authority to take the relevant action or decision.

“Financial Year” means the twelve (12) months ended December 31st or such other continuous twelve (12) month fiscal period ending at the end of a month as set by the Town of Pelham as the fiscal year end.

“Library” refers to the Town of Pelham Public Library.

“Respondent” means a person who submits a Response to the library’s solicitation for goods or services, and “Bidder” or “offerer” or “Tenderer” shall have the same meaning.

“Services” may include, but not be limited to, telephone, gas, water, hydro, janitorial and cleaning services, consultant services, legal surveys, insurance and the rental, repair or maintenance of equipment, machinery or other property.

“Supplies” include goods, wares, merchandise, materials and equipment used or required by the Town of Pelham Public Library.

“Town” means the Corporation of the Town of Pelham.

1. Statement of Financial Principles and Responsibilities:

According to the Public Libraries Act, R.S.O. 1990, CHAPTER P.44, (hereinafter referred to as the PLA) Subsections 24.(1), 24.(2) the Pelham Public Library Board has the fiduciary responsibility of the library’s finances through estimating sums required for library operation; making submission of these to council, and ensuring that the amounts estimated are expended during the fiscal year. The Pelham Public Library Board undertakes to submit to the Town of Pelham Municipal Council a balanced budget of estimates annually. The Board is responsible for ensuring the Pelham Public Library has sufficient funds that the community is adequately served with financially viable and effective public library service, “a comprehensive and efficient public library service that reflects the community's unique needs” (subsection 20.(a) of the PLA). Additionally, the Board ensures that the Pelham Public Library endeavours to meet provincial standards. The PLA also stipulates (subsection

24(7)) that the annual financial statements shall be audited by a person appointed under section 296 of the Municipal Act, 2001.

Through this policy, the Municipal Act, Sponsorship Policy, Municipal Conflict of Interest Act, Hiring Policy and any other pertinent legislation, by-laws and policies the Board and staff will undertake to construct policy and conduct financial transactions ethically, transparently and with due diligence. The Pelham Public Library does not tolerate acts of favouritism, discrimination or influence in the purchasing process. The Public Library will not favour nor inhibit the hiring of companies employing relatives of current employees or members of the Library Board over others. All qualified candidates will be given equal opportunity for bidding based on qualifications, experience and skills regardless of their relationship to either an employee or member of the Library Board.

Elected officials, appointed officers or employees of the Library shall not attempt to influence its procurement policies and procedures. Library board members are bound by the [Municipal Conflict of Interest Act](#) to disclose any pecuniary interest and avoid discussion, influence or voting on issues where they have a pecuniary interest.

2. Charitable Account:

The Pelham Public Library currently holds a Charitable Account. This account is intended for funding of programs, purchases and services which do not fall within the definitions of the normal operating accounts. The funds in this account may be used for the purchase of goods, services, fundraising and volunteer support, equipment, and building needs, including building projects (ruling Grant, Thornton, 2001) as approved by the Pelham Library Board. Monies deposited to the Charitable Account are considered to be under the ownership of the Pelham Public Library. Significant (eg not administrative or annual) expenditures from the account will only be made contingent on the approval of the Pelham Public Library Board.

The Pelham Public Library is a registered charity within the meaning of the Income Tax Act (R.S.C. 1985, as amended). Official receipts will be issued for donations to the Pelham Public Library for cash and goods and services within the guidelines set by Part XXXV (Receipts for Donations and Gifts) of the Regulations to the Income Tax Act.

3. Use of Corporate Credit Cards:

The purpose of the Corporate Credit Card is to establish a more efficient and cost effective method of procuring and paying for low dollar value, high volume goods and services as well as travel expenses, conference and seminar registrations and other expenses pertaining to the library, while maintaining acceptable levels of control and accountability.

The corporate card(s) will be used for procuring both goods and services for the library.

Holders of the card(s) will not use the cards to purchase or pay for:

- Personal purchases,
- Personal travel and entertainment expenses,
- Cash advances,
- or third party client purchases.

All corporate credit cards are the property of the Town of Pelham and should be protected in the same way as a personal credit card. Registered cardholders may not give or loan their card(s) to other staff or Board members for use. Should the card be lost or stolen, it is the

cardholder's responsibility to report the loss immediately to the Bank and the Town of Pelham CAO.

4. Procurement:

.1 Procurement means the acquisition by any means, including by purchase, rental lease or conditional sale, of goods, services, consultants or construction but does not include:

- i) Any form of government assistance such as loans, grants, equity infusion, guarantees or fiscal incentives or
- ii) Government provision of goods and services to persons or other government organizations

.2 Approved budget appropriations for routine expenditures shall be sufficient authorization for the purchase of supplies, materials and labour, subject to the limitations as stated in the approved budget.

The Library CEO or his/her designate will conduct all purchasing on a competitive basis, in keeping with accepted public purchasing practices and procedures, and in accordance with applicable laws of the Province of Ontario, the Government of Canada and regulations made pursuant to by-laws of the Town of Pelham.

.3 A canvas of known suppliers of a particular good or service may be undertaken to obtain purchase prices for the procurement of goods up to \$5,000.00. The information shall be gathered within usual business means i.e. telephone, fax, etc. The method for making a purchase will be determined as follows:

- (i) For purchases up to \$1,000.00, comparison pricing should be done where practical.
- (ii) For purchases between \$1,000.00 and \$5,000.00, where possible, three telephone quotes shall be obtained. The supplier shall be selected within terms and conditions as determined by the CEO or his/her designate and in his /her sole discretion.
- (iii) For purchases over \$5,000.00 the CEO or his/her designate shall initiate a formal invitation to quote, tender or begin the Request for Proposal (RFP)/Request for Quotation (RFQ) process.

The CEO may, at his/ her discretion, request a formal process be initiated at any time within the parameters noted in (i) to (iii), above. The CEO will obtain approval of expenditures over \$5000.00 from the Library Board, except in case of Section 4.4 (Exceptions to Bidding) or where approval has already clearly been given by inclusion through the annual budget process.

.4 Exceptions to Formal Bidding:

The Pelham Public Library staff may use procurement methods different from those stated above in the following circumstances, provided the procurement methods are not employed for the purpose of avoiding competition between suppliers or to discriminate against suppliers:

- a) Where an emergency occurs that, in the opinion of the CEO or his/her designate, constitutes immediate danger to health, safety, life or property, or requires the immediate procurement of goods and services, the CEO or his/her

designate may purchase such goods or services by open market procedure regardless of the amount of the expenditure.

b) Where consulting services or goods regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering system could be reasonably expected to compromise governance confidentiality; cause economic disruption or otherwise be contrary to public interest

c) Where there is no response to a Call for Tenders/Requests for Proposals made in accordance with Tender procedures

d) Where only one supplier is able to meet the requirements of procurement, that is, a sole source procurement in the following circumstances:

(i) To ensure compatibility with existing products, to protect exclusive rights such as copyright, patent or exclusive licenses or to maintain specialized equipment/product/services that must be maintained or can only be provided by the manufacturer or its representative.

(ii) To maintain the validity of warranties or guarantees

(iii) For goods purchased under exceptionally advantageous circumstances, such as goods which are the subject of bankruptcy receivership liquidation

(iv) Where there is an absence of competition for technical or other reasons and only a particular supplier can supply the goods or services

Approved by the Pelham Public Library Board: November 2004, Revised February 15, 2006

Appendix A – Procedures: Signing Authority, Budgeting, Routine Financial Transactions and Purchasing, Procurement Procedures.

1. Signing Authority:

Library Board policy for signing authority is as follows:

The four official signing officers of the Pelham Public Library are the Chairperson and Vice-Chairperson of the Pelham Public Library Board and the Chief Executive Officer and the Deputy Chief Executive Officer. For purposes requiring signatures of the executive, it may be a combination of any of the four signing officers. On the Charitable Account, it is recommended but not mandatory procedure that the signing officers be one of the Library Board (Chair or Vice-Chair) and one of the staff (CEO or Deputy CEO). For invoice audits, signing authority is one of the four signing officers, usually the Chief Executive Officer. For payroll timesheets, one of the signing officers (usually the Chief Executive Officer) and additionally the Head of Adult Services may sign for authorization.

2. Budgeting:

Prior to the beginning of the next financial year, the CEO will meet with the CAO or Treasurer to determine any budgeting constraints or changes from the current financial year.

The CEO will determine the estimated costs of programs or required expenditures. Based upon the following criteria, the CEO will determine a plan for the financial operation of the library for the next financial year:

- (a). the current year budget
- (b). any budgeting constraints or recommendations determined by the Town
- (c). any revisions to current programs
- (d). recommendations based on circulation or other library use statistics
- (e). any planned increase in library's collections
- (f). physical plant repairs or furnishings required
- (g). review of provincial standards taking into account Library long-term goals and the Strategic or Business plans of the Library or Municipality

Sections of the budget such as salaries and benefits are estimated by the Town Treasurer based on hourly figures for Library staff. The CEO in consultation with the Town CAO and/or Treasurer will do a preliminary review and revision of final amounts requested.

When the budget for operations has been completed, the CEO will present the proposed budget and/or significant highlights to the Board for their approval.

The Library budget is discussed at the Municipal Corporate Services Committee and/or presented to the Council in the format and at the time requested by Council. Council may change this procedure annually.

Changes requested by Council will be considered in budget revisions, and the revised budget is presented to the Board for a final approval.

The approved budget, considered estimates only, constitutes the financial plan for operations of the library for the financial year.

Actual financial spending on operations of the library will be compared to the approved budget on a monthly, quarterly or some other basis as approved by the Board and a statement or statements outlining this comparison will be presented to the board as necessary.

The CEO will explain any spending variances between actual spending and budgeted amounts apparent in the spending comparison to the Board.

3. Financial Responsibilities:

The CEO will determine the needs in terms of both staffing and funding for the various programs planned for the upcoming financial year.

The CEO and/or his or her designate will determine if programs exist with either or both of the Federal and Provincial governments where funds may be obtained to cover the costs of either manpower or costs of running the particular program. Such funds, if received, are not to replace normal operational funding for a program or service.

The CEO will prepare the application to obtain any appropriate grant from the Federal and/or Provincial government or both. Withstanding such automatic applications as summer student programs, program funding (eg Canada Council grants), Community Access Program applications and so forth, Board approval is required for applications substantively affecting the library's long-term priorities and involve expenditures or matching funds from the Charitable Account or any municipal library reserves.

The CEO and staff of the library will share the responsibility of ensuring that costs of operation of the library are kept to a minimum without affecting the efficient and effective operation of the library.

The CEO and his/her designate will ensure that proper internal control is exercised over petty cash and cash collected from patrons.

The CEO will ensure that expenditures are maintained within the constraints of the budget for the financial year. An anticipated shortfall in a particular budget area will be reviewed with the Library Board at a regular monthly meeting or as soon as the shortfall is forecast.

4. Purchasing (General)

The materials received form, sales slip or invoice obtained from the supplier is forwarded to the Town of Pelham Purchasing Department with the appropriate completed accounting voucher showing the appropriate account to be charged with the cost of the supplies or services. Signing authority for the invoice audits is limited to one of the CEO or Deputy CEO and in case of emergency one of the other two signing authorities the Chair or Vice-Chair. The Town requires the original invoice to be submitted.

The Town of Pelham Purchasing Department will initiate payment for any and all goods and services for which a voucher is properly approved and submitted.

5. Corporate Credit Card Processes:

.1 Orders, reservations, and registrations can be placed either by fax, phone, Internet or in person. The monthly processing can be summarized as follows:

- (i) The initialled receipt and /or other billing, if given, is placed in the credit card file following a credit card purchase. If purchases are completed other than in person, the invoice/order verification enclosed must be checked by another party but signed to verify a valid order by the person ordering when the goods are received
- (ii) if in some oversight no receipt can be provided by the card user, either a duplicate receipt will be requested from the vendor or special

dispensation is made to the Board to allow the purchase. Otherwise, the purchaser is responsible for the purchase cost.

(iii) When the card statement is received, transactions are matched to receipts, cost centers allocated on an Invoice audit and the bill taken to the Town Processing department immediately.

.2 Upon the receipt of the goods or supplies or the provision of services, the CEO or his/her designate shall obtain from the supplier of the goods and/or services a signed materials received form, packing slip, sales slip or invoice from the supplier which will indicate receipt of and satisfaction with the goods and/or services provided.

.4 Disputed items are purchases that do not accurately reflect the transactions made by the cardholder (i.e. wrong amount, incorrect account number, multiple postings, etc.). The cardholder is responsible for reporting these as soon as possible to the supplier. On all correspondence with the bank the Card Administrator (i.e. the CAO) should be copied. Problems with merchants relating to unsatisfactory goods, late delivery, changes from quoted prices, etc. are not considered disputed items and must be settled directly with the vendor by the buyer. In the event goods are to be returned to the supplier, the cardholder should request a Return Authorization Number and return instructions from the supplier and forward the merchandise back as per the instructions. If a problem cannot be resolved please advise the Town of Pelham Finance Department for assistance.

All credits must be processed against the Card. Under no circumstances are cash refunds permitted.

6. Petty Cash

.1 The CEO and his/her designate may make purchases for items of small value from a petty cash fund.

.2 Items of small value will usually be considered to be purchases of less than \$50.00. The CEO and his/her designate will ensure that proper internal control is exercised over petty cash and cash collected from patrons.

.3 Staff requiring the funds are to obtain permission from the CEO, Deputy CEO, or Head of Adult Services. In the absence of the CEO, Deputy CEO, or Head of Adult Services the petty cash may be approved by the supervising staff member responsible at the time.

.4 The person giving the consent should hand out the money to the purchaser.

.5 The purchaser must obtain a receipt and reimburse the fund with any change received. If a receipt is unavailable the CEO or Deputy CEO must approve the voucher with their signature.

.6 The voucher should be completed at that time noting the reason for purchase, amount and the date of purchase, along with the name of the purchaser.

.7 The voucher and receipt are stapled together and the change placed back in the box

.8 Petty cash is balanced when the fund requires replenishment. An Invoice audit is completed and the audit and receipts are taken to the Invoicing Clerk at the town to ensure that the proper accounts are charged.

7. Reimbursement of Personal Funds for Library Purchases

.1 The Library will reimburse staff for previously approved / routine small purchases up to \$50 with receipts.

- .2 Approval for purchase of items over \$50 must be approved by the CEO or Deputy CEO prior to purchase: there may be alternative means (accounts or credit cards) through which it can be made.
- .3 Receipts are to be provided promptly for petty cash or cheque reimbursement and under no circumstances are staff to retain receipts for longer than one month.
- .4 Approved purchases made with a personal credit card will be reimbursed as quickly as possible with the provided receipt as a regular transaction.
- .5 Separate receipts for library purchases must be provided if personal and library purchases are made at the same time.

8. Incoming Cash

Whenever possible, cash transactions will entail the separation of duties for those staff members who receive cash from the patrons, count cash, make out the bank deposit slips and make the bank deposits. This can be as simple as one staff member preparing the deposit and a second staff member taking it to the bank.

.1. Cash register use

- 1.2 Staff will be trained on the correct use of the register
- 1.3 When making change for reasons other than customer payment, please request a witness
- 1.4 In the event an item is to be charged to the miscellaneous revenue account, staff will be informed and a note put into the register
- 1.5 in the event of incorrect keying on the register, please leave a note in the till
- 1.6 the end of day cash register receipt and the cash less the float are to be put in an envelope and locked in the CEO's office
- 1.7 the cash drawer with the float should be removed from the till and locked in the CEO's office
- 1.8 The CEO, Deputy CEO or Adult Services Head will balance the cash register receipt against the actual and note any differences on the form
- 1.9 Cash register tapes and tracking slips will be kept for five years and then discarded

.2 Receipt of Payments (eg books, Pelham Art Festival tickets)

- 2.1 On occasion the Library will sell tickets or books for groups other than the Library. When this is done a marked envelope will be placed in the drawer. In the case of books staff will note on the envelope what cash or items were given to whom and when – these type of transactions are not rung in on the till.

.3 Bank Deposits

- 3.1 Four staff are designated to do bank deposits: the CEO, Deputy CEO, Head of Adult Services and the Cataloguing Computer Technician.
- 3.2 The Bank Form is filled out and change can be accumulated in the roll holder for deposit by roll at a later date.
- 3.3 The Deposit book and cash are then taken at least three times a week to the bank
- 3.4 Maple Acre cash is to be tallied weekly and sent to Fonthill for deposit with the notation slips.

4 Library Sales Procedures (eg books, clothes)

- .1 The Library provides a cash float for the sale.

- .2 During the sale, at least twice a day a designated staff member will clear large bills from the cashbox.
- .3 Removals of funds should be noted on the daily sale cash sheet used in the sale and initialled by the staff member and sale volunteer(s).
- .4 The designated staff member can then give the cash to another staff member to ring in on the till.
- .5 At day-end or the next morning the cash box should be given a fresh float and all rung into the till.
- .6 The cash box with the float will be locked into the CEO's office overnight.

9. Tender Procedures

Upon the decision a tender is appropriate, the following steps will be executed:

- .1 The invitation to tender shall be initiated with an advertisement in the local papers calling for tenders for a described job. Advertisements should appear in the press at least once, and sufficient time between advertising and closing shall be allowed to permit the bidders to obtain the tender documents, examine the site if applicable, complete and submit the tender. The advertisement will state the official tender opening date and time.
- .2 Each interested party will be provided with tender documents containing the specifications and requirements of the job. The CEO using the tender documentation in use by the Town of Pelham shall prepare the tender document and specifications. Specific information contained in the tender documentation will be supplied by the CEO with the assistance of staff of the Town of Pelham as he/she finds necessary.
- .3 A list of those persons who take tender documents shall be maintained and shall be available to the public. The list shall contain the names, addresses and telephone numbers of all parties requesting tender documents.
- .4 One site visit will be arranged as stated in the tender documentation wherein the interested parties may view the job and/or discuss the supply of services. When a tender is received, the envelope shall be date and time stamped and initialled by the CEO or his/her designate.
- .5 The CEO shall keep all tenders received in a safe and secure location.
- .6 Tenders will not be unsealed until the official tender opening date and time as specified in the invitation to tender advertisement. Tender openings shall take place as soon as practical after the closing time of the tender.
- .7 Tender openings shall be conducted in public and shall be conducted by the CEO or his/her designate in the presence of at least two (2) member of the Finance Committee of the Library Board. Minutes of discussions and decisions shall be kept.
- .8 If required information is not found enclosed with a tender, or if items are missing from the tender, the tender shall be considered to be an "incomplete bid". Such tenders shall be noted in the minutes as incomplete bids. The tender shall then be referred to the CEO and the committee for a decision as to acceptance or rejection of the tender.
- .9 All tenders which are opened shall be checked by the CEO or his/her designate to ensure that;
 - (a). The tender form is signed as necessary, sealed or witnessed;
 - (b). The correct tender form has been used;

- (c). Each tender envelope is time and date stamped prior to the contract closing time;
- (d). All extensions and totals for each tender are correct. If an extension or total is incorrect, the checker shall cross out the incorrect figure, enter the correct figure in red and initial the entry.
- (e). The tender is free of restrictions or alterations; and
- (f). All other tendering requirements have been met.

In the event that a bid does not contain or comply with a mandatory item, then the bid must be rejected. If there is an error or incomplete material on any other portion of the tender, then the decision as to whether or not to accept or reject the tender and disqualify it shall be based upon the following considerations:

- (a). Is the intention of the bidder clear?
- (b). Has the bidder made a conscientious attempt to comply with the tender requirements?
- (c). Is it fair to all bidders to accept the tender or has the bidder gained an advantage?

.10 Awards shall be made to the lowest bidder who has complied with the terms and conditions of the tender, all other factors being equal. While the objective generally is to obtain the lowest price, such things as local servicing, experience, availability and particular expertise may influence the selection of the supplier and there may be the possibility the price obtained may not be the lowest price. These factors will be weighed by the CEO and the Library Board members present at the quotation opening before the awarding of the contract.

.11 In the event that more than one bidder has submitted a tender in the same amount, the Committee shall make its decision based on the merit of the tender (i.e. including such factors as time for completion and previous performance of the bidder). If the merit for each tender is equal, then the tender to be accepted shall be decided by means of a draw. The names of the tied bidders shall be placed in a container and the tender to be awarded shall be drawn by a member of the opening committee.

.12 Upon the award of the contract, the CEO or his/her designate shall immediately send a notification of acceptance letter to the successful bidder advising the supplier that the tender the firm has submitted has been accepted.

.13 When the contract has been accepted, if any other formal contract agreement is required, it shall be prepared by the CEO and submitted to the contractor for execution with a copy sent to the Town of Pelham Purchasing Department. The contractor will be allowed ten (10) working days between the date of mailing the agreement and the date the executed contract must be returned to the CEO.

.14 Every three (3) years, or as circumstances change the CEO or his/her designate shall initiate requests for purchase from various book jobbers that, in their opinion will provide the library with the best selection of books. The objective is to obtain the lowest price overall for the library, but factors such as electronic capability, shipping costs, and performance review will be considered.