

Mid-Michigan Library League

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Mid-Michigan Library League Financial Procedures

General

1. The Board of trustees shall formulate financial policies, delegate the administration of financial policies to the Executive Director and review operations and activities.
2. The Executive Director has management responsibility including financial management.
3. Current job descriptions shall be maintained for all employees, indicating financial duties and responsibilities.
4. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts; etc.
5. A bonding coverage in the amount of \$1,000,000 shall be purchased and maintained.
6. Professional financial service resources shall be articulated annually. For 2016 these include Sage financial software, Baird, Cotter & Bishop for payroll processing, the Fekete, Knaggs and Burr Agency for insurance, the 5/3 Bank and Baird, Cotter & Bishop as auditors.
7. The bookkeeper shall maintain a current and accurate chart of accounts and individual spreadsheets for line items as directed for budgeted areas or line items designated in the budget.
8. Financial policies and procedures shall be reviewed bi-annually by the Finance Committee of the Board.

Cash Receipts (includes checks)

1. The executive Director opens any mail addressed to Mid-Michigan Library League or without a specific addressee. All checks or cash shall be immediately forwarded to the bookkeeper. The receipt of checks or cash shall be recorded in the accounting system.
2. The bookkeeper shall endorse all checks by rubber stamp to read as follows:
For Deposit Only
Mid-Michigan Library League
The endorsement stamp shall specify into which corporate account (savings, checking) the deposit shall be made.
3. A report shall be printed that includes the source and amount of the receipt as well as the total daily deposit amount.
4. The bookkeeper shall complete the deposit slip. Receipts and deposit slips shall be placed in an envelope for 5/3 Bank.
5. The bookkeeper shall verify the deposited funds prior to sealing the envelope and make the deposit in person.
6. Documentation for all receipts (a copy of check, letter, etc.) shall be attached to the duplicate slip and filed chronologically.
7. All receipts shall be deposited intact. No disbursements shall be made from the cash or check receipts prior to deposit.
8. The bookkeeper shall record each cash payment received in a number receipt book with a duplicate for the payer. Cash shall be locked in a secure location until taken to the bank.

9. The Executive Director shall receive a copy of all deposit reports for review.

Cash Disbursements

Payment Authorization

1. All invoices shall be immediately forwarded to the Executive Director who shall review them for mathematical accuracy, validity, conformity to the budget (or other board authorization) and compliance with bid requirements.
2. Prior to payment, all invoices shall be approved (indicated by signature and date) by the Executive Director, who shall code the invoice with an appropriate expense or other chart of accounts line item number.
 - a. By approving an invoice, the Executive Director indicates that it has been reviewed and payment is authorized.
 - b. The Executive Director shall ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled, including inventorying items received against a packing slip. The bookkeeper is responsible for timely follow-up on discrepancies and payment.
3. Approved invoices shall be entered into the accounting system using the "Enter Bills" screen.
4. The bookkeeper shall prepare checks on a weekly basis.
5. Authorized signers on Mid-Michigan Library League accounts include the Executive Director, Chair, and Treasurer of the Board. The Board Treasurer is the chair of the finance committee.

Checks

1. The executive Director shall be responsible for all blank checks.
2. All checks, including payroll (with exception of direct deposit payroll items) shall be signed by the Executive Director or designated members of the Board of Directors.
3. The bookkeeper shall generate checks for approved invoices through the accounting system using "pay bills" and/or "write checks" screens where appropriate.
4. Voided checks shall have "VOID" written boldly in ink on the face and have the signature portion of the check torn out. Voided checks shall be kept on file.
5. In no event shall:
 - a. Invoices be paid unless approved by an authorized signer
 - b. Blank checks (checks without a date or payee designated) be signed in advance
 - c. Checks be made out to "cash", "bearer", "petty cash", etc.
 - d. Checks be prepared on verbal authorization, unless approved by the Executive Director
6. In the event that it is necessary to issue a duplicate check for checks in an amount over \$15, a "stop payment" shall be ordered at the bank on the original check.

Bank Reconciliations

1. Bank statements are received via USPS, or the bookkeeper may download the statements directly from the bank account online.
2. The bookkeeper shall reconcile the bank statement monthly.
3. The board shall receive monthly purchase journal statements for all accounts for approval.
4. The Executive Director shall verify the reconciliation of the bank accounts on monthly basis, indicating acceptance by signature and date.
5. For all checks that are not cleared after 90 days, the bookkeeper, with necessary follow up by the Executive Director, shall take appropriate investigative action.

Purchasing

The policies related to purchasing are on the MMLL website at the following links

Purchasing policy:

http://mml.org/documents/league_policies_2013/Purchasing%20Policies%20and%20Procedures%20final5-17-06.doc

Capitalization policy: <http://mml.org/documents/documents/CAPITALIZATION%20POLICY.pdf>

Credit card policy: http://mml.org/documents/2012-2013/Credit_Card_Policy_mml%20Dec2014final.docx

Payroll

Time Sheets

1. Each hourly employee shall be responsible for completing a time sheet on a biweekly basis.
2. Completed time sheets shall be dated and signed by the employee and submitted to the Executive Director at the end of the last working days of each pay period.
3. No payroll checks shall be issued without a completed time sheet.
4. Incomplete time sheets shall be returned to the employee for correction.
5. The Executive Director shall verify the accuracy of the time sheets.
6. Employees shall be paid every two weeks, deductions are itemized on each paycheck.

Payroll processing

1. The selected payroll accounting firm (Baird, Cotter & Bishop for FY16) shall enter payroll, print payroll checks, indicate the amount needed for direct deposit transfers, print payroll reports, and send reports to the Executive Director.
2. The Executive Director shall review the payroll checks before they are distributed.
3. The Executive Director shall distribute the payroll checks to the employees. Checks shall not be issued to any person other than the employee without written authorization from the employee
4. The bookkeeper is responsible for entering payroll reports into the accounting system.
5. Final payout for a terminated employee shall be paid on the next regular pay date.

Payroll taxes

1. Payroll accounting firm (Baird, Cotter & Bishop) shall prepare and transmit the payroll tax reports, W-2 forms, and 1099 forms.
2. The Executive Director shall verify payroll tax preparation on a quarterly basis.

Benefits

1. Payroll shall be prepared in accordance with the personnel policies and benefit plan.

Travel and Expenses

1. Each employee shall complete a travel reimbursement form (voucher) if traveling for work purposes. Voucher should include all expenses including credit card charges. Voucher shall reflect reimbursement sources other than Mid-Michigan Library League.
2. Mileage to and from residence shall not be paid by Mid-Michigan Library League, except for board members traveling to board meetings.
3. The voucher shall be submitted within 30 days for payment, with a total, signed by the employee, authorized for payment by the Executive Director or Board Chair or Treasurer.
4. Reimbursement shall be based upon current travel policies. Receipts must be attached to the expense voucher for lodging, common carrier transportation, and receipts for meals where required.
5. Incomplete expense vouchers shall be returned.

6. The Executive Director must approve employee travel and workshop expenditures prior to their occurrence. The organization shall reimburse no more than the standard mileage rate for the business use of a car as established by the IRS. Mid-Michigan Library League shall reimburse meal, mileage, and lodging expenses incurred in direct connection with the Mid-Michigan Library League employment, as determined by the IRS and government.

Consultants

1. Consideration shall be a made of internal capabilities to accomplish services before contracting with external sources.
2. Written contracts clearly defining work to be performed, terms and conditions shall be maintained for all consultant and contract services.
3. The qualifications of the consultant and reasonableness of fees shall be considered in the hiring process.
4. Consultant services shall be paid as work is performed or as delineated in the contract.
5. The Board of trustees shall approve the annual audit and other significant contracts.
6. The payroll accounting firm (Baird, Cotter & Bishop) shall prepare 1099 returns for consultants at year end.

Property

Equipment

1. Equipment shall be defined as all items (purchased or donated) with a unit cost of \$500 or more and a useful life of more than one year. See the following policies:
 - <http://mml.org/documents/documents/CAPITALIZATION%20POLICY.pdf>
 - <http://mml.org/documents/2012-2013/Credit Card Policy mml%20Dec2014final.docx>
 - http://mml.org/documents/league_policies_2013/Purchasing%20Policies%20and%20Procedures%20final5-17-06.doc
2. The Executive Director/bookkeeper shall maintain an inventory log; which shall list a description of the item, date of purchase or acquisition, price or fair market value of the item and its location.
3. A depreciation schedule shall be prepared at least annually for the audited financial statements.
4. The bookkeeper shall record all equipment in the accounting system. An entry must be made whenever property is disposed of or acquired.

Leases

Real Estate

1. The Executive Director shall review leases prior to submission to the Board of trustees for approval.
2. All leases, clearly delineating terms and conditions, shall be approved by the Board of Trustees and signed by the Board Chair.
3. The Executive Director shall keep a copy of each lease on file.
4. The bookkeeper shall be notified of each lease and lease specifications, and shall make proper general journal entries for same.

See investment policy and purchasing policy:

- http://mml.org/documents/league_policies_2013/Purchasing%20Policies%20and%20Procedures%20final5-17-06.doc
- http://mml.org/documents/league_policies_2013/Investment%20policy%2010-05.doc

Equipment

1. All leases, clearly delineating terms and conditions, shall be approved and signed by the Executive Director.
2. The Executive Director shall keep a copy of each lease on file.
3. The bookkeeper shall be notified of each lease and lease specifications, and shall take proper general journal entries for the same.

Insurance

1. Reasonable, adequate coverage shall be maintained to safeguard the assets of the corporation. Such coverage shall include property and liability, workers compensation, employee bonding and other insurance deemed necessary.
2. The Executive Director shall carefully review insurance policies before renewal.
3. The Executive Director shall maintain insurance policies in insurance files.
4. Insurance policies shall correspond to the calendar or fiscal year whenever possible.

Books of Original Entry

1. Mid-Michigan Library League shall utilize a double entry system for accounting for all funds.
2. Adequate documentation shall be maintained to support all general entries.
3. At the end of each month, the bookkeeper shall prepare a Balance Sheet, Income Statement and Purchase journal that includes all monthly expenditures, to be reviewed by the Executive Director.
4. The Income Statement shall include a comparison to the budget.
5. Mid-Michigan Library League shall maintain its accounting records on the partial accrual basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.

Loans

1. The Board of Trustees shall approve any applications for bank/credit union loans.
2. A promissory note shall be prepared and signed by the Board Chair and another officer of the Board before funds are borrowed.

Other

Non Program Income

Donations of cash and non-program related income shall have separate accounting.

Accounts Receivable

Accounts receivable shall be recorded in the books and collected on a timely basis.

Audits

The Board of Trustees shall annually contract with an independent auditing firm a full audit of the books, to be completed and reported out to the Board of trustees at the first meeting following the end of the fiscal year audited.

Personnel Files

The Executive Director shall maintain a personal file for each employee, containing appropriate documents, such as the signed compensation agreement, approval of changes in compensation, an I-9 immigration form, and withholding forms for taxes, benefits, deferred compensation and charitable contributions.