

MGT-3: Financial Policy

Adopted: 8/21/2014; Last Revised: 2/15/2018

Policy Statement

As a Michigan township library¹ the Orion Township Public Library is required to adopt financial regulations and to comply with state statutes².

Regulations

1. The library board annually holds a public hearing and approves a budget.
2. An annual, independent, outside audit is conducted.
3. The library board has a written investment policy.
4. The bookkeeper will prepare a monthly report for the board covering cash flow, investment report and a list of checks issued.
5. The library board has written financial procedures governing the receipt of checks, frequency of bank deposits, petty cash levels, and disposition of uncollectible patron accounts.
6. Two signatures are required on all library checks – library director, board treasurer, and/or board president.
7. Levels of purchasing authority are as follows:
 - a. Level I purchases: \$1 to \$1000 – Require simple comparison shopping to ensure a fair price is paid for materials and services. Department Heads may approve purchases at this level.
 - b. Level II purchases: \$1001 to \$3000 – Require simple comparison shopping to ensure a fair price is paid for materials and services. The approval of the Library Director is required for purchases at this level.
 - c. Level III purchases: \$3001 to \$7,500 – Require written quotes be acquired from a minimum of three vendors. The approval of the Library Director is required for purchases at this level.
 - d. Level IV purchases: \$7,501 to \$20,000 – Require written quotes be acquired from a minimum of three vendors. The Library Director shall present purchases at this level to the Board for approval.
 - e. Level V purchases: over \$20,000 – Require a written Request for Proposals be published for open bidding by all interested parties. Sealed bids must be submitted to be opened in public. Board approval is required for purchases at this level.
8. Long-term contracts – The board recognizes that there may be financial opportunities in securing long-term contract for certain materials and/or services. However, it also recognizes that contract terms that are excessive in length may reduce opportunities to reduce costs. Contract length is to be considered in all purchases, where appropriate. Contracts may not exceed three years without specific board approval.
9. Contracts may be sent to the library's attorney for review at the board's discretion.

¹ P.A. 164 of 1877 *et seq.* City, Village and Township Libraries Act

² P.A. 2 of 1968 *et seq.* Michigan Uniform Budgeting and Accounting Act, and P.A. 34 of 2001 *et seq.* the Revised Municipal Finance Act

10. The library has a petty cash fund that is available to staff members, authorized by the library director, for the purchase of materials under \$20. Written documentation including a description of what the purchase is for and a receipt are required before the employee is reimbursed for the expenditure.
11. The library director shall authorize specific employees to use the library's charge card for the ordering of materials, supplies, services and other library expenditures. Receipts must be submitted to the library's bookkeeper who will reconcile the monthly charge card statement.
12. A patron who lives in the library service area who wishes to challenge a library policy or any portion of a library policy should follow procedures as outlined in MGT-15: Appeals Process Policy.