

TAPPAN FREE LIBRARY

Financial Management Policy

Purpose and Scope

This policy governs the Library's budgeting, purchasing, investments, cash handling, and financial oversight. It applies to all Library funds and investments, except restricted gifts subject to donor requirements. Library funds shall be managed prudently with emphasis on:

- **Safety** of principal
- **Liquidity** for operational needs
- **Yield** consistent with safety and liquidity

Financial Oversight

The Board of Trustees is responsible for overall financial oversight, including approval of budgets, investments, major expenditures, and financial policies. Day-to-day administration may be delegated to the Library Director with review from the Treasurer.

All Library bank accounts shall include the Board Officers and Library Director as authorized signatories.

Check registers, vendor list, EFT/ACH payments and bank reconciliation shall be reviewed and approved during Board meetings as part of the Treasurer's report to the Board. Transfers of funds between accounts shall be requested by the Director and require approval of the Treasurer and/or President, or their assigned designees prior to execution of transfer. The Finance Committee shall review financial procedures, monitor investments and financial institutions, and report to the Board periodically. Individuals involved in financial management shall avoid conflicts of interest.

Budget and Purchasing

All expenditures must:

- Support Library operations
- Be within the approved budget
- Be properly documented and authorized

Purchases may not be divided to avoid approval requirements. The Library Director may approve general expenses and purchases up to \$10,000. Purchases exceeding \$10,000 shall require additional review and Board approval as required.

Investments and Banking

Deposits and investments shall comply with New York State law and collateralization requirements. Permissible investments and investment procedures shall be governed by the Library's Investment Policy. Reserve funds may be maintained for emergencies, cash flow, capital improvements, and operational stability. All Trustees, Officers and Director acting in good faith under this policy shall not be personally liable for investment losses due to market conditions or financial institution insolvency.

Credit Cards and Internal Controls

Library credit cards may only be used by authorized employees for approved business purposes. Receipts and documentation are required for all transactions. Personal purchases and cash advances are strictly prohibited. Expenses shall be properly recorded and reconciled monthly. The Library shall maintain appropriate internal controls, financial records, and audit or review procedures to reduce the risk of error or fraud.