

# Lewis & Clark Library System Financial Policy

**Goal:**

The goal of this policy is to ensure that Lewis & Clark Library System (LCLS) has internal fiscal controls in place to provide reasonable assurances regarding:

- Effective and efficient operation,
- Reliable financial reporting,
- Compliance with applicable Illinois state and federal laws and regulations
- Compliance with the Illinois Library System Act: Administrative Rules, and
- Compliance with the Bylaws and other policies of the LCLS.

**Scope:**

1 Financial Format and Reporting

- 1.1 The fiscal year for LCLS shall begin on July 1 and end on June 30.
- 1.2 The funds, accounts, and descriptions of accounts shall be consistent with generally accepted accounting principles and the *Uniform Accounting and Reporting Manual for the Illinois Library System Headquarters*. The funds shall be brought together per the *Governmental Accounting Standards Board Statement No. 34--Basic Financial Statements--Management's Discussion and Analysis--for State and Local Governments (GASB 34)*. Budgeted versus actual comparisons shall be included in financial reports submitted to the Board of Directors and the Illinois State Library.
- 1.3 The Board of Directors shall adopt and then submit an annual budget prior to the beginning of each fiscal year to the Illinois State Library. The accounting system shall provide the basis for comparison of actual expenditures to this budget. Any revisions to the budget shall be approved by the Board of Directors and reported to the Illinois State Library for approval.
- 1.4 A six-month cumulative report is due to the Illinois State Library on February 15 of each year for the period July 1 through December 31. The format of the report shall be in compliance with the form contained in the *Uniform Accounting and Reporting Manual for the Illinois Library System Headquarters*.

1.5 An annual audit of LCLS for the preceding fiscal year shall be filed with the Illinois State Library on or before September 30 following the end of the fiscal year. The audit shall be conducted in accordance with the most recent Government Auditing Standards.

## 2 Control Environment

2.1 Meetings of the Board of Directors shall be held at least nine times a year to review financial reports, approve LCLS bills for payment, discuss any governance issues, and to be advised of and/or discuss key operational information.

2.2 An annual audit (which includes a management letter) for the preceding year shall be conducted by an independent certified public accountant. The Board of Directors shall meet with the independent certified public accountant to discuss the annual audit and any material management findings.

2.3 Every employee at LCLS shall have some responsibility to ensure a well functioning financial system. However, responsibility for the financial reporting and controls, as well as ensuring a culture of integrity and ethics shall be delegated to the Executive Director.

2.4 LCLS Financial Procedures and Practices, which provide the day-to-day guidelines for financial reporting and controls (including the assignment of authority and responsibility), shall be developed and shall be approved by the Executive Director. The Financial Procedures and Practices shall be reviewed annually and updated as necessary.

2.5 LCLS shall maintain policies and procedures which include a comprehensive code of conduct, policies addressing good business practices, conflicts of interest, and standards of ethical and moral behavior.

2.6 Any violations or deviations from established policies shall be investigated, documented, and brought to the attention of the Board of Directors.

### 3 Risk Assessment

- 3.1 The LCLS Board of Directors shall periodically review the financial health of LCLS. The Board shall receive assurances of the completeness, accuracy, and validity of the information provided and the systems and processes used to generate such information.
- 3.2 LCLS management will periodically assess risks from both external and internal sources. Such assessments should include the potential impact of economic conditions, political actions, financing availability, retention and succession of key employees, and information system security and backup.
- 3.3 LCLS shall consider the risks associated with misstatements of financial information and shall take steps to mitigate such risk.

### 4 Control Activities

- 4.1 LCLS shall have a process to ensure that appropriate policies and procedures are in place, adhered to, periodically reviewed, and updated.
- 4.2 Financial practices shall include authority and responsibility for approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties.
- 4.3 The Board Secretary (or designee) shall be responsible for the retention of LCLS Board of Directors Meeting Agenda, Minutes, and other such Board related documents which must be maintained at LCLS.
- 4.4 The Business Office shall be the official repository of all financial and human resource records. This includes financial reports and information; original copies of all contracts, agreements, and memoranda of understanding; fixed asset information; and official employee files and payroll information. Retention and disposal of such records shall be based on the requirements as established by the State of Illinois--Local Records Commission, and other applicable state and federal rules, regulations, and guidelines.

## 5 Information and Communications

- 5.1 Periodically, information shall be collected from the library industry, political entities, member libraries, and other external sources to ascertain the potential impact on LCLS, the services it provides, its business, and financial reporting.
- 5.2 Milestones to achieve programmatic and financial goals and objectives shall be monitored and reported to the Board of Directors to ensure that deadlines are met.
- 5.3 Accurate operational and financial information (including changed policies and procedures) shall be clearly communicated to management and other LCLS employees in a timely manner.
- 5.4 A process shall be in place to document, analyze, and eliminate operational and financial problems, errors, complaints, and new information which may require a change in operations.
- 5.5 A process shall be in place for directors, employees, and others to communicate suspected wrongdoing by LCLS or LCLS employees. Such process shall ensure that anyone making such a report is protected from retaliation for making such a report.

## 6 Monitoring

- 6.1 The LCLS Board of Directors and employees shall be obligated to communicate to management any known weaknesses in the internal controls of the LCLS.
- 6.2 LCLS employees shall acknowledge that they have read and understand the Employee Handbook which includes LCLS's policies on conduct and ethics.
- 6.3 Reconciliations and other control activities shall be followed as identified in the LCLS Financial Procedures and Practices.
- 6.4 LCLS shall follow-up on any recommendations made by the external auditors.