

Mooreville Public Library

Internal Control Policy

Adopted June 6, 2016

Section A: Purpose and Environment

1. General Purpose

The purpose of this policy is to establish guidelines for Mooreville Public Library's [MPL] internal control procedures. MPL subscribes to a philosophy of ethical and honest behavior involving the use of the resources of our tax base. To ensure this, the methods of MPL's operations utilizing internal controls are included within this policy.

2. Financial Responsibilities

It is the responsibility of the MPL Board of Trustees to adopt the Internal Control Standards as defined by SBOA under IC 5-11-1-27 (e). The Board of Finance is the ultimate authority on all policy and procedure in compliance with the Indiana State Board of Accounts. Internal control policies will be reviewed annually to ensure they are current and in compliance.

In the case of policies and procedures failing to prevent loss of resources, the Director and Board of Finance will inform the State and review the failure to take corrective actions to manage risks as necessary.

Staff and officials will be trained, directed and informed of changes to internal control policies and will be required to follow the internal control procedures, and will attest that they have read the policy and will adhere to its standards.

3. Job Descriptions and Evaluations

Employee job descriptions will be created and maintained to ensure the acquisition and retention of quality library employees. Reviews are done regularly by managers to confirm employee performance is effective.

Section B: Control Activities for Risk Minimization

4. Payroll

- New personnel requests originate with the Library Director or Manager.
- References and employment history are completed for new employees.
- Employees must signify in writing that they have reviewed the Staff Handbook.
- The Staff Handbook is maintained, reviewed and updated regularly as changes occur.
- Every two weeks the Business Manager or trained payroll backup processes payroll through PAYCHEX based on hours input by employees on PAYCHEX Time Clock.

- Library policy regarding Paid Time off [vacations, holidays, and sick leave] and other benefits are included in the Staff Handbook.
- Personnel files are maintained for each employee, and remain locked and secure in the Business Manager's office.
- Employees' PAYCHEX payroll information is limited to employees whose job function requires access.
- Payroll is maintained and processed in PAYCHEX. Executive Director or Department Managers must approve timecards and benefit time each pay period.
- Employees utilize unique login credentials for PAYCHEX to clock in and out for their hours worked.
- PAYCHEX payroll information is reconciled each pay period for accuracy by the Payroll Administrator, and is reconciled monthly with the bank account by the Business Manager.
- Employees receive all paychecks via direct deposit. Each employee has access to PAYCHEX to view their pay stub.
- PAYCHEX processes all taxes on MPL's behalf, as well as issues W-2's.
- The Business Manager remits PERF, HSA and 941 withholdings each pay period.

5. Cash Disbursements

- All payments, with the exception of petty cash or wire transfers, are made by pre-numbered checks. Wire transfers require passwords to complete.
- Blank check stock is secured in the closet of the Business Manager's office.
- All voided checks are kept and filed after being voided and marked as VOID.
- Each payment must be prepared by the Business Manager with a voucher that is signed by the Director, and finally approved by the Treasurer of the Board of Trustees. At the time of approval, documentation of expenses is reviewed and verified.
- Purchase Order forms are uniform and kept in the Business Manager's office and used as needed.
- Check payments are mailed the day after final Board approval with the exception of payments such as utility bills which are due prior to the Board Meeting. This is done to ensure that payment is made to keep accounts current and to not incur fees. A Resolution to Pay Bills allowing these payments to occur before board meetings was adopted and in the Policy Manual.
- Paid invoices are attached to the signed vouchers indicating check number, date and expense account.
- All requests for reimbursement are to be verified with documentation for reasonableness before approval.
- Bank reconciliations are prepared monthly by the Business Manager and are filed.

- Petty Cash is maintained in the Business Manager's office. All disbursements are recorded with a receipt and explanation for the expenditure.
- Banyon Data Systems is the fund accounting software used to maintain financial activity.
- Access to Banyon is limited to employees who are required to use the program in their job function.
- The Board of Trustees authorizes the use of a signature stamp, which is kept by the Board Treasurer.
- The Statement of Claims is provided each month and is approved by the Board of Trustees.

6. Cash Receipts

- The Board annually authorizes all bank accounts and designates the Treasurer as the signer on the account.
- The Board requires the Treasurer to be bonded.
- The transactions of money received for payments due to the library are entered in the Evergreen ILS system (if applicable) and reports are generated from which to balance daily.
- At the close of business, all monies are placed and secured in a safe located in the Business Manager's office.
- The daily deposit sheets are reconciled and deposits are prepared by the members of the Circulation Team. Deposits are made on Mondays and Wednesdays, Wed & Fri. except on days that the bank or the library is closed or we have a total sum of \$500.00.
- Daily deposits are recorded in an Excel spreadsheet by the Director of Technical Services and presented to the Business Manager weekly.
- Checks are endorsed for Deposit Only to the library.
- Monthly cash sheet reconciliations are maintained in Excel by the Administrative Assistant. Copies are kept in a binder along with the daily cash sheets and register receipts.
- Deposit slips are retained for library records. The Business Manager records the deposits in Banyon.
- Any money designated for special funds is deposited and recorded for use only purposed by that fund.

7. Reconciliations and Financials

- The Business Manager reconciles the bank statements to Banyon monthly.
- All bank reconciliations are maintained in a binder in the Business Manager's office.
- Outstanding checks are voided after 2 years per Board of Trustees' authorization.
- Financial reporting is prepared monthly and stored in binders for library records. Financial information is presented to the Board of Trustees each month at the Library Board meeting.

- Cash flow projections for income and expenses and cash balances are provided to the Board of Trustees each month. This information is maintained in binders for library records.
- Charts of Accounts are utilized through Banyon to provide financial information.
- Designated funds are maintained separately in Banyon to ensure the proper use of library resources. The principals of Fund Accounting are utilized to track receipts and expenditures.
- The library budget is approved annually by the Library Board of Trustees.
- The library utilizes the State Board of Accounts Accounting Manual for Libraries as the directive for procedures to ensure library policies and procedures are current and accurate.
- The library follows the state guidelines for destruction of records.

8. Credit Cards

- Mooresville Public Library has a credit card policy located in our MPL Policy Manual.

9. Investments

- Mooresville Public Library has an investment policy located in our Policy Manual.

10. Capital Assets

- Mooresville Public Library has a capital assets policy located in our Policy Manual.

11. Financial IT Controls

- Banyon is backed up monthly on the Business Manager's computer, as well as backed up on the Library's Drobo storage.
- Business Manager's files are accessible by a Master Key only.
- Business Manager's computer is not connected to the library network. It maintains a wired internet connection.

12. Policies and Controls

Mooresville Public Library will create and implement policies to maintain internal controls. Upon review and adoption by the Board, policies will be available in digital and paper format for employees to access along with the Employee Handbook. Any variances from the policy will be brought to management's attention and will be addressed and corrected.

Section C: Information and Communication

13. Quality of Current Information

MPL management will remain current with all new statutes, regulations, requirements and ordinances. MPL management will ensure that policy reflects any necessary changes in reporting or compliance, will adjust any internal controls and policy, and will inform employees of any such changes.

14. Internal Communication

Management will create an open communication with employees regarding updates and changes. This will be done in, but not limited to, department meetings, manager meetings, staff meetings and through the Director's Report.

15. External Communication

Management will maintain an open communication with external parties in order to provide transparent information for patrons and tax payers. This will be done by, but not limited to, communicating with State Board of Accounts, Indiana State Library, DLGF and other State agencies, fulfilling compliance in reporting financial information via Gateway, following the records retention for all documents, and preparing our Annual Report brochure for public distribution.

16. External Audits

In accordance with the SBOA, I.C. 5-11-1-27 (f), MPL participates with the scheduled state audits and complies with all governances, laws, policies and procedures.

Section D: Monitoring Activities

17. Internal Control Monitoring and Remediation

Management will monitor the effectiveness of internal controls procedures through our audits and annual policy review. Any discrepancies noted will be addressed and resolved. Any variances noted outside of those processes will be addressed and resolved as they occur to prevent reoccurrence.