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## **13. Financial Policies**

### 13.1 Whistleblower Policy

Directors and employees have the responsibility to report any circumstances that they have actual knowledge of or a reasonable good faith belief that the library's internal controls, auditing function, accounting systems, or governance policies are compromised or threatened or contrary to prescribed procedure or policy. The Board has adopted and management has implemented the following safeguards.

If a Director or employee becomes aware of, or has a reasonable good faith belief that, the library's internal controls, auditing function, accounting systems, or governance policies are compromised, threatened, or contrary to prescribed procedure or policy, that person must report the concern immediately, either in person or anonymously in writing.

If the person with the concern is an employee, program employee, or volunteer, s/he should report the concern to a supervisor, who will immediately share it with the director or any library Director.

If a supervisor, director, or Director is involved in the concern, the employee will report it directly to a Director. If the person with a concern is a Director, s/he shall immediately report it to an officer of the Board.

Examples of such improprieties include, but are not limited to, the following:

- Supplying false or misleading information on the library's financial documents, including the tax return (990)
- Supplying false information to or withholding material information from the library's auditors
- Violation of the conflict of interest, business credit card use, or personal order policies
- Library assets being used for personal gain or benefit
- Payment for services or goods that are not rendered or delivered
- Embezzlement
- Planning, facilitating, or concealing any of the above

If a Director, administrator, or employee, does not believe the normal channels of communication can or should be used to express concerns about or knowledge of improprieties, the complaint should be immediately reported to legal counsel.

An investigation of the report will be undertaken by the appropriate person(s), which is determined by the type of concern or complaint and the person(s) suspected of improprieties.

Under this policy, those who report suspected improprieties are protected from retaliation. The matter will be treated as confidential to the greatest extent possible, consistent with the need to investigate and prevent or correct the suspected action(s).

The individual making the report will not be dismissed, harassed, or discriminated against for reporting in good faith what they perceive to be an impropriety.

However, persons who make unfounded allegations that have proven to have been made recklessly, maliciously, or with the foreknowledge that the concern expressed was false, will be subject to disciplinary action.

In addition, anyone who retaliates against an individual who reports a suspected concern will be subject to disciplinary action.

### 13.2 Bill Payment Procedures - [Separation of Duties Matrix](#)

1. Assigned staff member-opens the mail, including bills
2. Assigned staff person codes the bills using Account Codes pre-determined by Library Director
3. Director-inputs checks, deposits and transfers into Quickbooks
4. Director-prints all checks. Checks are prenumbered and unsigned. Checks are stored at the library and the Library Director records the check range
5. Library Director reviews printed checks for errors, and has the Assigned Staff person prepare the checks for mailing (all stubs are kept with a copy of the invoice or other accompanying information regarding the payment).
6. Library Director restores library's copy of Quickbooks using the Accountant's file, then prepares monthly reports and register reports for Board Agenda packet
7. Library Director presents the completed checks and Monthly Financial Report to the Board at the monthly meeting for review.

### 13.3 Payroll Procedures

The library employs 3 full-time salaried employees and eight part-time hourly employees.

1. All employees record hours on a timesheet in ADP.
2. All employees must enter their time into ADP 2-3 days prior to payday
3. Library Director reviews and approves total hours worked.
4. ADP prepares payroll checks and tax payments and returns unsigned checks to the Library Director via mail the next business day.
5. Library Director uses Bank Web site to transfer funds from Savings to Checking to cover payroll and taxes
6. Each employee has access to their individual ADP account where they can print off checks and tax forms/stubs.
7. Tax payments are paid automatically using ADP.

ADP maintains accurate time records noting hours worked, vacation, and sick leave time earned and taken. Full-time, regular part-time and part-time employees are paid on an hourly basis with payment made semi-monthly. Time sheets will end on the 15<sup>th</sup> of the month and the last day of the month. Altering, falsifying, tampering with time records, working overtime without pre-approval or recording time on another employee's

time record will result in disciplinary action or dismissal. Timesheets are to be signed by the employee and the director. Paychecks will be dispersed prior to, or on the 4<sup>th</sup> and the 19<sup>th</sup> of each month.

### 13.4 Fraud Prevention Policy

Fraud generally involves a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means. All fraudulent acts or related misconduct are included under this policy and include, but are not limited to, such activities as:

- Embezzlement, theft, misappropriation or other financial irregularities.
- Forgery or alteration of documents (checks, time sheets, contractor agreements, purchase orders, other financial documents, electronic files)
- Improprieties in the handling or reporting of financial transactions
- Misappropriation of funds, securities, supplies, inventory, or any other asset (including furniture, fixtures or equipment)
- Authorizing or receiving payment for goods not received or services not performed
- Authorizing or receiving payments for hours not worked

Fraud and, or related misconduct will not be tolerated. Employees found to have participated in such conduct will be subject to disciplinary action, up to and including termination. Directors found to have participated in such conduct will be subject to removal from the Library Board of Directors in accordance with the bylaws of the Tonganoxie Public Library Board of Directors.

Any Director or employee who knows or has reason to know of fraud or related misconduct shall report that to the President of the Board of Directors or the Library Director. Directors and employees are expected to use their best efforts to recognize risks and exposures inherent in their areas of responsibility and to be aware of indications of fraud and related misconduct. If the President of the Board of Directors or the Library Director are involved in fraud or related misconduct, that shall be reported to any available member of the Board of Directors.

When fraud or related misconduct is reported to the President of the Library Board of Directors or the Library Director, the Board President or Library Director will conduct an appropriate investigation and take all necessary action.

- A. All Directors and employees will cooperate fully in the investigation.
- B. Directors and employees should direct all inquiries from any individual who is believed to be involved in fraud or related misconduct, his or her representative, or his or her attorney, and all inquiries from the media to the President of the Board of Directors or Library Director.
- C. Once the investigation is completed the Directors and/or Library Director will take one or more of the following steps:
  - a. Consult with the Leavenworth County Attorney. Take appropriate action and steps to minimize recurrence.
  - b. Report the result of the investigation to the City of Tonganoxie whenever appropriate.

### 13.6 Capital Improvement Policy

The Library Board is hereby authorized to direct a transfer annually from the general operating fund of the library not to exceed 10% of the amount of money credited to such a fund to a capital improvement fund (K.S.A. 12-1258). All money credited to such fund shall be used, at the decision of the Library Board, for the

purpose of improving, furnishing, equipping, remodeling or making additions to the library. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937 and amendments thereto. If the Library Board determines that money which has been transferred to such a fund or any part thereof is not needed for the purpose for which transferred the Library Board is hereby authorized to direct a retransfer of such amount not needed to the general operating fund, subject to the provisions of K.S.A. 79-2925 through 79-2937.

In preparing the budget for the library, the amounts credited to and the amount on hand in, the capital improvement fund and the amount expended therefrom shall be shown on the budget for the information of the taxpayers of the municipality in which the library is located. Moneys in such a fund may be invested in accordance with the provisions of K.S.A. 10-131 and amendments thereto, with interest thereon credited to such a fund.

### 13.7 Disposal of Surplus Property

All property purchased by the library that is no longer needed will be disposed of in the following manner:

First consideration in the disposition of any library-owned property no longer needed will be given to local schools and agencies, then to the Northeast Kansas Library System member libraries. Should no other member library be interested in the equipment, it will be offered to all Kansas libraries. In either case, the library wishing to procure the surplus item(s) will be required to arrange and pay for shipping and/or retrieval.

The Library Board of Directors will approve the sale of all surplus property no longer needed and having a value of \$500 or more. Sale may be through public auction, or as deemed appropriate according to the situation.

The Library Director has the authority to sell or dispose of all library owned property which is no longer needed having a value of \$500 or less, which is not requested by a Northeast Kansas Library System member library or other Kansas library.

If property was purchased through grant funds, it will be disposed of in the manner stipulated in the grant requirements.