

## **Chicago Heights Public Library Accounts Payable/Receivable**

### **Financial Internal Controls**

The Library is technically a department of the city, although more autonomous than most city departments, with its own board and staff. The 9-member Board of Trustees is appointed by the mayor of the city. They Board hires the library director, and the library director hires the library staff. The library's budget lines are incorporated into the City's overall annual budget and the City includes the library budget in its annual tax levy.

The Library does not have an independent institutional bank account except for a Petty Cash account. The City of Chicago Heights is the entity that cuts checks, produces the monthly financials and is the main oversight for all city accounts. The City performs an annual audit, of which the library finances are part. The Library has an annual audit line item in the budget to pay for the library portion of the audit.'

The Library Director and the Library's Board of Trustees are responsible for the oversight of the finances of the library. The Board meets monthly to conduct the business of the library, including reviewing the monthly financial statements produced by the City Accounting office and the monthly Accounts Payable list created by the Business Office, which is reviewed and approved by the Library Director,

The library has a Business Office Manager who takes care of the coordination of the Accounts Payable in cooperation with the Library Director. This is a newly created position (August 2020) and has been filled by the past HR person, who will be doing HR and the additional financial aspects of business office.

## **ACCOUNTS PAYABLE/RECEIVABLE**

### **Accounts Payable**

Accounts Payable is done monthly and is included in the monthly Board of Trustees meeting packet, in preparation for approval at the monthly board meeting. It is a monthly accounting of all library vendors that provide services or goods for the library and invoices the library for payment.

An AP list must be created and sent to the City accounting department prior to the board meeting. The Library business manager compiles the AP list with all the months invoices, in preparation of review and approval of payment by the library director. Before any AP check can be cut for a (new) vendor, the City requires a current W-9 from that vendor.

#### Invoices/AP List Process:

- All supporting purchasing documentation must be attached to invoice
- Invoices must be checked against prior invoicing to ensure correct payment and no double payment. Call vendor if necessary to confirm payments and to discuss waiving any late fees
- invoices must be coded with the city vendor number, library account number and amount to be paid
- the AP list is created which includes the vendor number, vendor, library account number, description of invoice, invoice number and amount and amount of total paid invoices at the end of the list.
- once invoices have been coded by business office, all invoices and AP list are then given to library director to review invoices, proper coding and approval
- once approved by director, the AP list is sent to the City accounting department to cut checks, approximately a week before the library board meeting.

#### Board Meeting approval

- Once the board has met and has approved the AP List for payment, the Board president emails the City Accountant and Treasurer to inform him that the board has approved invoices and it is okay to cut and release the checks.

#### After Board Meeting approval

- Once checks have been cut and signed by treasurer, the City accounting office staff makes copies of the checks and sends out the originals to the library vendors. They contact the library to pick up the copies.
- Business manager picks up the check copies from City Hall
- Business Manager updates the AP list with the check numbers for each vendor payment
- Business Manager attaches the check copies to the appropriate vendor invoices/statements and files in vendor files.
- Completed AP list is ready for Board President signature
- Signed AP List is filed in the official Board Book maintained by the library.

### **Accounts Receivable**

The library receives few checks. There are the occasional refund checks and personal checks from patrons paying for lost/damaged items and fines/fees. Copies are made of any checks prior to being submitted to the City. Copies are attached to the vendor files if they are refund checks from a vendor. All checks are submitted to the City Accounting office notating the library account, for credit into the library's annual budget.

### **CASH, BANK RECONCILIATIONS**

The library has little cash on hand. There is the register cash and the petty cash account.

## **Register Cash**

The Library begins each day with \$60 in the register at the front desk for fines and fees. At the end of the day, two individuals count the cash and verify the ending cash against the register tape.

## **Petty Cash & Debit card**

The Library Director is responsible for the Petty Cash account, debit card and subsequent Petty Cash log. Petty Cash is used for small purchases in the library that cannot be charged or invoiced easily. The library shall make every attempt to be invoiced, or use the library credit card before utilizing any petty cash. The Petty Cash account contains no more than \$3,000 at any one time.

When a staff member needs reimbursement for a purchase, ideally, they will submit for reimbursement to the business office with supporting documentation, to be included in the monthly AP list. However, if that amount is over \$25.00 staff may be reimbursed from the petty cash account immediately so that they do not have to be out of pocket for an entire month.

All Petty Cash funds in and out must have supporting documentation and be approved and initialed by the library director. A log of all accounts are kept and that log is submitted to the Board of Trustees at the monthly board meeting for approval.

## **Credit Cards**

The Library has one credit card with BMO Harris, in the Library Directors name and secured with their personal social security number. It should be kept with the Library Director at all times.

All charges on the card must have supporting documentation/receipts of purchase and given to Business Office to attach to BMO statement/statement. The statement and supporting documentation is included in the monthly AP List for approval by Board. The credit card has been approved by the board. If any other credit cards are to be opened by the Library Director, there must be Board approval of said transaction.

## **LIBRARY COLLECTIONS/SUPPLIES AND OTHER PURCHASES**

Each department head can order books and supplies as need, based on their department's budget. All office supplies are ordered by the Business Manager. When the invoices arrive, the Business Manager matches the packing slip to the invoice and verifies that what invoiced has been received. Once completed, the invoice is coded

with the correct library budget account and filed for payment and included in the monthly AP List for board approval.

All purchases, with the exception of certain services (IT) and collections, over \$25,000 must go out to bid, per Illinois statute requirement. For work under the minimum public bid amount the District will solicit at least three bids for any work being done. All work must meet the prevailing wage requirements of the state of Illinois.

## **PAYROLL/EMPLOYEE PAY RATES**

### **Employee Pay Rates**

The library makes every effort to compensate its employees adequately. Budget permitting, staff may receive a pay increase at the beginning of the fiscal year, or May 1 of each year. The library policy for increases states that staff receives a cost of living raise (COLA), based on the Department of Labor Consumer Price Index for Chicago-Gary-Kenosha, or upon the annual recommendation of the Management Association of Illinois, or during difficult fiscal times, what the budget can allow.

The Board approves a salary schedule for all staff and updates that schedule on a regular basis. The Library Director monitors the staff salary lines and make determinations on any adjustments based on a variety of factors, including but not limited to current salary, evaluations, years employed and position. The Board approves any across the board pay increases during the budget process upon recommendation of the Director, budget permitting.

The Board evaluates the Library Director on an annual basis and may award a pay increase after said evaluation.

### **Payroll**

Payroll is from Sunday to Saturday and is completed on the 15<sup>th</sup> and last day of the month and paid a week following the 15<sup>th</sup> and last day. Each employee is required to sign in and out on a paper time sheet. The Business Manager collects the timesheets at the end of the pay period, review the timesheets against the monthly schedule and any time requested off and prepares the payroll form for the city.

Once completed the BM submits to the Library Director for approval, who then emails the document to the City Payroll department. The Business Manager also updates each employee's PTO log, which tracks sick time, personal and vacation time.

Once paychecks are cut, City Payroll contacts Business Manager to pick up the paychecks. BM then distributes to the employees.

## **SAFE**

The library has a safe and staff ??? have the combination. All cash should be kept in the safe at all times, with the exception of the register cash when used on daily basis.

## **STAFF REIMBURSEMENT**

There are times when staff may need to use their personal credit card or cash for a library purchase. In the event that this happens, it is preferred the employee apply for reimbursement through the Business Office to be included in the monthly AP List. When applying for reimbursement, the employee must attach the supporting documentation (receipt, invoice etc) to the reimbursement request.

In the event that the amount of purchase was over \$25.00 or employee cannot wait a month for reimbursement, the Library Director may take the monies out of the petty cash account.